



HISTORIC
FRANKLIN
TENNESSEE

MEMORANDUM

June 1, 2012

TO: Board of Mayor and Aldermen

FROM: Eric S. Stuckey, City Administrator *E.S.*
Russell Truell, Assistant City Administrator / CFO
Mark Hilty, Water Management Director
Brian Wilcox, Purchasing Manager

SUBJECT: Results of solicitation for bids for biosolid sludge transport and/or disposal services for the Water Reclamation Division of the Water Management Department (Purchasing Office Procurement Solicitation No. 2012-013 through 2012-014)

Purpose

The purpose of this solicitation for bids was to obtain from the private sector current competitive unit pricing for biosolid sludge transport and/or disposal services for the Water Reclamation Division of the Water Management Department so that staff could compare the current arrangement of the City using its own labor and equipment to transport biosolid sludge to a landfill with the possibility of outsourcing the transport of the biosolid sludge.

Background

Pursuant to an award made by the Board of Mayor and Aldermen on March 22, 2011, the City currently hauls the biosolid sludge produced at the City's Water Reclamation Facility to West Camden Sanitary Landfill which is owned and operated by Waste Management Inc. of Tennessee. The term of service for this current arrangement is April 1, 2011 through December 31, 2012, with options to extend the term of service for up to a maximum of three (3) additional one-year terms. The City has been using its own labor and equipment to transport the biosolid sludge to the landfill.

The City published on March 29, 2012 a Notice to Bidders in the *Williamson Herald* for biosolid sludge transport and/or disposal services. In addition, 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 two (2) vendors were publicly opened at the bid opening held on April 12, 2012. A tabulation of the bids received for this solicitation is attached.

In the City's solicitation for bids, the City invited bidders to submit unit pricing for the following types of services:

Services for which bids were sought	Biosolid sludge waste transport services only	Biosolid sludge waste disposal services only	Both biosolid sludge waste transport and disposal services
Landfill	West Camden Sanitary Landfill	Bidder's choice	
Initial term of service	6 months, effective July 1, 2012 and through December 31, 2012	18 months, effective January 1, 2013 and through June 30, 2014	
Options to extend the term of service	Three (3), each time for up to 12 additional months	Four (4) times, each time for up to 3 additional years	
Maximum possible term of service	42 months total, not beyond December 31, 2015	13.5 years total, not beyond June 30, 2026	
Bids received	0 (none)	2	1



Following is a listing of deficiencies found by staff for each of the bids:

Bituminous Resources, Inc., d/b/a Hopkins County Regional Landfill, a subsidiary of Waste Connections, Inc.

- Hopkins County Regional Landfill states that the City's duty to load transfer trailers is "to legal capacity" rather than to within the weight limits of the law.
 - Staff speculates that this bidder did not mean to imply that the transfer trailers must be loaded to the exact legal capacity. Therefore, staff recommends this exception be considered a clarification as to the bidder's position on this matter, and that this exception in effect does meet City specifications.
- Hopkins County Regional Landfill declines to provide certificate(s) of insurance for the indicated minimum types and limits of insurance coverage.
 - Staff recommends this exception be considered material.
- Hopkins County Regional Landfill requests a substitute provision in the event of cancelation or alteration of the insurance required by the City.
 - Staff recommends this exception be considered a clarification as to the bidder's position on this matter, and that this exception in effect does meet City specifications.
- Hopkins County Regional Landfill requests City revise section 12 ("Indemnification") of City's Standard Procurement Terms and Conditions.
 - Staff recommends this exception be considered a clarification as to the bidder's position on this matter, and that this exception in effect does meet City specifications.
- Hopkins County Regional Landfill did not include with its bid City's Affidavit of Drug-Free Workplace, executed in full.
 - Staff recommends this exception be considered material.

Waste Management Inc. of Tennessee

- Waste Management's bid is conditional upon receipt of the City's municipal solid waste.
 - Staff recommends this exception be considered material.
- Waste Management requests that certain extensions to the term of service be by mutual consent rather than at the City's sole discretion.
 - Staff recommends this exception be considered material.
- Waste Management requests that City may terminate service only in the event it does not have sufficient taxpayer funds to continue then current method of operation rather than at the City's sole discretion.
 - Staff recommends this exception be considered material.
- Waste Management seeks CPI adjustments annually after the 5 year anniversary, and will not accept a CPI decrease if there was one year over year.
 - Staff recommends this exception be considered material.
- The Waste Management bid for disposal services only at Cedar Ridge Landfill is contingent upon Cedar Ridge's receipt of a final and non-appealable permit to expand the Landfill.
 - Staff recommends this exception be considered material.

Financial Impact

The rates per ton bid by the vendors are listed on the tabulation of bids attached. For comparison purposes, the City is currently paying Waste Management, Inc. of Tennessee \$24.40 per ton for disposal services only (excluding transport services). The Water Management Department has prepared a "Biosolids Disposal Opinion of Costs," also attached.



HISTORIC
FRANKLIN
TENNESSEE

MEMORANDUM

Options

The City has the following options:

1. Continue to operate as we are today, under the 2011 award, with the City using its own labor and equipment to transport the biosolid sludge to West Camden Sanitary Landfill. This option would require the City to reject all bids, a right that it reserved in the solicitation documents.
2. Accept the lowest and best responsive and responsible bid. Because of the material deficiencies listed above, staff views none of the bids as completely responsive.

Recommendation

Staff recommends that the City reject all bids and instead continue to utilize the current arrangement of the City using its own labor and equipment to transport biosolid sludge to West Camden Sanitary Landfill which is owned and operated by Waste Management Inc. of Tennessee. Purchasing Manager Brian Wilcox is of the opinion that the prepared specifications as distributed allowed for competition among multiple vendors, and that the staff recommendation appears to be made in a fair and impartial manner based upon the bids received.

City of Franklin, Tennessee
Tabulation of Bids

Purchasing Office Solicitation No.:	2012-013 thru 2012-014 - biosolid sludge transport and/or disposal services
Notice to Bidders published in the <i>Williamson Herald</i> on:	3/29/12
Number of vendors that were notified of / that responded to this solicitation for bids:	5 / 2
Date and time bids due and publicly opened:	4/12/12 2:00 PM
Present at opening of bids:	Carl Towne of Waste Connections; Stacey Cothran and Barry Marshall of Waste Management; Russ Truell of the City of Franklin Finance Department; Becky Caldwell of the City of Franklin Solid Waste Department; and Tiffany Wilkins and Brian Wilcox of the City of Franklin Purchasing Office
Target meeting of BOMA at which recommendation will be considered:	6/21/12

Bids received from:	Bid No.:	Description:	Does the bid MOES ¹ ? / If not, how many exceptions do not MOES ¹ ?	Total bid pricing, per ton, for initial term (7/1/2012 thru 12/31/2012 for Option 1; 1/1/2013 thru 6/30/2014 for Options 2 & 3):	Total estimated value of bid for initial term of service (6 mos. for Option 1; 18 mos. for Options 2 & 3) based on specified estimated quantities:	Payment terms:	Bid and unit pricing is valid through:
Bituminous Resources, Inc., d/b/a Hopkins County Regional Landfill, a subsidiary of Waste Connections, Inc. 308 Grays Branch Road P.O. Box 201 White Plains, KY 42464 Rick Walker, Landfill Manager 270-676-1919 rickwa@wasteconnections.com	1 of 3	Transport services only (to West Camden Sanitary Landfill)					
	2 of 3	Disposal services only, at Hopkins County Regional Landfill (White Plains, KY)	No / 2 (Insurance coverage; Affidavit of Drug-Free Workplace not submitted)	\$16.00	\$264,000	net 30 days	07/31/12
	3 of 3	Both transport and disposal services, at Hopkins County Regional Landfill (White Plains, KY)		\$37.10	\$612,150		
Waste Management Inc. of Tennessee 2555 Meridian Drive, Suite 200 Franklin, TN 37067 Barry Marshall, Municipal Marketing Rep. 865-388-6952 bmarshall@wm.com	1 of 3	Transport services only (to West Camden Sanitary Landfill)					
	2 of 3	Disposal services only, at Cedar Ridge Landfill (Lewisburg, TN)	No / 5 (bid conditional upon receipt of CoF municipal solid waste; certain options to extend term of service by mutual consent; limitation on City's option to terminate without cause; adjustments to unit pricing for extensions to term of service; landfill not currently permitted)	\$28.50	\$470,250	net 30 days	01/01/13
	3 of 3	Both transport and disposal services, at Cedar Ridge Landfill (Lewisburg, TN)					

¹MOES indicates "meet(s) or exceed(s) specifications"

City of Franklin Water Management Department
Biosolids Disposal Opinion of Costs

Estimated to Waste Management, West Camden - EXISTING					
Miles (Round Trip)		176			
Tons per Trip		21			
Miles per Gallon		7.5			
Item	Qty	Unit	Unit Cost	Total Cost	Notes
Sludge Volume	11,000	Ton	\$ 24.40	\$ 268,400	
Raw Labor - Driver 1	2,080	Hours	\$ 16.25	\$ 33,800	Source: Finance
Raw Labor - Driver 2	2,080	Hours	\$ 19.52	\$ 40,602	Source: Finance
Overhead Rate - Benefits as of 12/2011	NA	NA	NA	\$ 43,491	Source: Finance
Fleet Maintenance	1	FY 2011 Maint.	\$ 11,023	\$ 11,023	Sum of Fleet Maintenance costs for FY 2011
Fuel	12,292	Gallons	\$ 3.02	\$ 37,134	
Insurance	3	Insurance/Yr	\$ 356.00	\$ 1,068	Vehicle insurance per Risk Management 12/12/2011
Fleet Replacement (Replacement of 3 trucks every 5 years)	3	0.200	\$ 140,000.00	\$ 84,000	per vehicle
Fleet Salvage Value (1/8 vehicle value every 5 years)	3	0.200	\$ (17,500.00)	\$ (10,500)	
			Annual Total	\$ 509,018	
			Cost/Ton	\$ 46.27	

Estimated to Waste Management, Cedar Ridge					
Miles (Round Trip)		79			
Tons per Trip		21			
Miles per Gallon		7.5			
Item	Qty	Unit	Unit Cost	Total Cost	Notes
Sludge Volume	11,000	Ton	\$ 28.50	\$ 313,500	
Raw Labor - Driver 1	2,080	Hours	\$ 16.25	\$ 33,800	
Raw Labor - Driver 2	2,080	Hours	\$ 19.52	\$ 40,602	
Overhead Rate - Benefits as of 12/2011	NA	NA	NA	\$ 43,491	
Fleet Maintenance	0.45	FY 2011 Maint.	\$ 11,023	\$ 4,948	
Fuel	5,517	Gallons	\$ 3.02	\$ 16,668	
Insurance	3	Insurance/Yr	\$ 356.00	\$ 1,068	Per Risk Management 12/12/2011
Fleet Replacement (Replacement of 3 trucks every 7 years)	3	0.143	\$ 140,000.00	\$ 60,000	Lifecycle estimated at 7 years for 3 vehicles at \$140,000 per vehicle
Fleet Salvage Value (1/8 vehicle value every 7 years)	3	0.143	\$ (17,500.00)	\$ (7,500)	
			Annual Total	\$ 506,577	
			Cost/Ton	\$ 46.05	

Estimated to Hopkins County Regional Landfill - Hauling and Disposal					
Item	Qty	Unit	Unit Cost	Total Cost	Notes
Maintaining appropriate truck bed and equipment on dump truck	1	0.125	\$ 30,000.00	\$ 3,750	To provide for backup services if necessary
Contract Hauling and Disposal	11,000	Ton	\$ 37.10	\$ 408,100	
			Annual Total	\$ 411,850	
			Cost/Ton	\$ 37.44	

Estimated to Hopkins County Regional Landfill - Disposal Only					
Miles (Round Trip)		246			
Tons per Trip		21			
Miles per Gallon		7.5			
Item	Qty	Unit	Unit Cost	Total Cost	Notes
Sludge Volume	11,000	Ton	\$ 16.00	\$ 176,000	
Raw Labor - Driver 1	2,080	Hours	\$ 16.25	\$ 33,800	
Raw Labor - Driver 2	2,080	Hours	\$ 19.52	\$ 40,602	
Raw Labor - Driver 3	1,040	Hours	\$ 17.89	\$ 18,600	
Overhead Rate - Benefits as of 12/2011	NA	NA	NA	\$ 54,364	
Fleet Maintenance	1.40	FY 2011 Maint.	\$ 11,023	\$ 15,408	
Fuel	17,181	Gallons	\$ 3.02	\$ 51,904	
Insurance	3	Insurance/Yr	\$ 356.00	\$ 1,068	Per Risk Management 12/12/2011
Fleet Replacement (Replacement of 3 trucks every 7 years)	3	0.143	\$ 140,000.00	\$ 60,000	Lifecycle estimated at 7 years for 3 vehicles at \$140,000 per vehicle
Fleet Salvage Value (1/8 vehicle value every 7 years)	3	0.143	\$ (17,500.00)	\$ (7,500)	
			Annual Total	\$ 444,245	
			Cost/Ton	\$ 40.39	

Transport and Disposal Summary						
Landfill	Annual Costs	Cost/Ton	Percent of Max	Percent of Min	Percent of Average	
Estimated to Waste Management, West Camden - EXISTING	\$ 509,018	\$ 46.27	100.0%	123.6%	108.8%	
Estimated to Waste Management, Cedar Ridge	\$ 506,577	\$ 46.05	99.5%	123.0%	108.3%	
Estimated to Hopkins County Regional Landfill - Disposal Only	\$ 444,245	\$ 40.39	87.3%	107.9%	94.9%	
Estimated to Hopkins County Regional Landfill - Hauling and Disposal	\$ 411,850	\$ 37.44	80.9%	100.0%	88.0%	
	Max \$ 509,018					
	Min \$ 411,850					
	Average \$ 467,922					