

City of Sammamish
Solid Waste Collection RFB Addendum #3
October 9, 2015

Notices:

Please remember to acknowledge receipt of this Addendum on the appropriate place on your Form 5, Certification.

1. Electronic copies of this Addendum #3 and attachments dated October 9, 2015 will be e-mailed to all parties who originally submitted questions or expressed interest during this process. These documents are also available to any interested party upon request to the City contact listed in the RFB.

Responses to Bidder Questions:

The City has received the following questions from Republic Services:

Q1: We read our labor contracts differently than expressed in the draft Solid Waste Collection Contract. We understand that we will need to work out the interpretation with the Teamsters and request that any Contract language we have with the City underscores our commitment to Labor contracts currently in place.

A1: The wording in the Addendum #1 draft contract has been retained. In the event any further interpretations or revisions are requested by the contractor, the contractor will need to provide a full copy of their labor agreement with all annexes or appendices to document their request.

Q2: We request that you reconsider your contract compliance evaluation process. We have shared it with third-party analysts who wonder why a moment in time is the gauge instead of monthly averages, as is the usual practice. There are ways to monitor contract compliance and monthly reporting that ensures thresholds are met. We urge the city to continue to hold haulers to a high standard, and implore that a proven process be followed.

A2: In the interests of keeping base rates as low as possible, the City has revised the contract compliance language as provided in the attached draft contract. However, the City retains the right to implement a contract monitoring program in the future, as detailed in the revised contract language.

Q3: The City Council directed staff to request that haulers provide Cost of Service method of rate making. The sub-index Water-Sewer-Trash (WST) provides cost of service rate increases during the term of the contract.

As a very rough example, if rates were \$100 today we would be able to lower rates to \$80 because at the end of the contract we would be at \$140 and true to our cost of service. If we had to rely on all-in CPI (where WST is a small fraction of the total), we would have to raise rates at the outset to keep pace with our costs (\$120 to get to \$140 by the end of the contract term). In other words, rate payers at the start of the contract will subsidize those in the middle term of the contract – something the Council wanted to avoid.

Two other options are available: 1) Trash sub index, or 2) a 3 percent floor / 6 percent ceiling.

Any one of the three options gives haulers surety that the annual price increase will better keep pace with our true cost of service, and all of us will be able to bid the initial years at the true cost of service.

A3: The issue is understood; however, the basket of services covered by the proposed index is different than the scope of this contract and likely overestimates the inflation rate for a collection-only contract. Each bidder may make their own judgment on how their costs track with the CPI escalator in the contract and may choose to front load their rates if they believe it is necessary.

As to the second point, a 3% floor would be very difficult to explain to ratepayers if low inflation persists. It is better to track an objective index that is understandable and used across a wide variety of contracts, rather than only track it within the specified band.

Note that the Council supported bidding based on cost-of-service rates; however, the Council may choose to vary from strict cost-of-service when designing the final rate and service package to be included in the contract.

Q4: The contract compliance audit says that cart color will be a factor in determining compliance. It is our understanding that a hauler may opt to purchase existing carts that are not color coded and replace carts as needed in the color-coded scheme. If the City elects to retain this section, would it consider removing container color as a scoring criterion?

A4: Any in-place carts inherited at the beginning of the contract will be considered contract-compliant as to color. The carts will likely require relabeling and shall otherwise be contract-compliant.

Q5: Our insurance compliance officer has the following suggestions:

- Remove section 7.3.3 in its entirety – this is not applicable to a company as substantial as Republic (publicly-traded/\$8.5B in size).
- Remove the third paragraph of section 7.3.4 – Republic should only have to provide cover in accordance with the required limits of this agreement (not full policy limits).
- Revise section 7.3.6– Republic does not disclose policy copies. All cover is evidenced via an ACORD certificate of insurance and, if applicable, policy endorsements.
- Revise section 7.3.8 to clarify how cover will be evidenced on the certificate of insurance.

A5: The City is not making changes to the insurance provisions at this time.

Q6: Will haulers be invited to the bid opening?

A6: Yes, any party may attend the opening. The City Clerk shall open and read the total amount of each bid on October 27, 2015 at 4:30 p.m. in the Plateau Conference Room, Sammamish City Hall. The bids shall then be verified to ensure that no modifications have been made to the bid forms and the overall bid packages shall be reviewed to confirm that each bid is responsive. Once those steps are completed, the City shall announce the final results at the next Council meeting.

Attachments:

(A): Revised Draft Contract dated October 9, 2015