



Request for Proposals to Provide Solid Waste Transfer, Transport and Disposal Services

Proposal Review Summary



A cooperative initiative of the

West Cook County Solid Waste Agency

RDP Member Meeting
January 24, 2018

WHAT IS THE RDP?

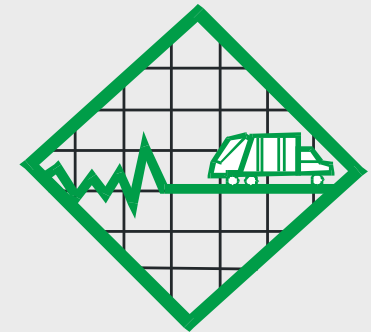
- Cooperative program for managing waste
- Regional effort to provide important public service
- Participating communities and organizations jointly contract for long-term solid waste transfer and disposal capacity



Environmental safeguards



Reduced costs



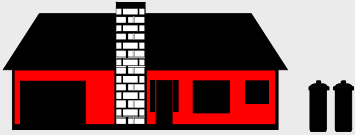
Price stability



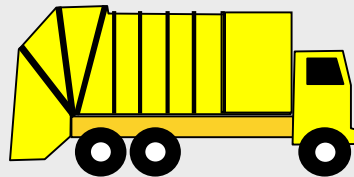
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HOW THE PROGRAM WORKS



Step One. Waste is collected from homes by whichever hauler the municipality prefers.



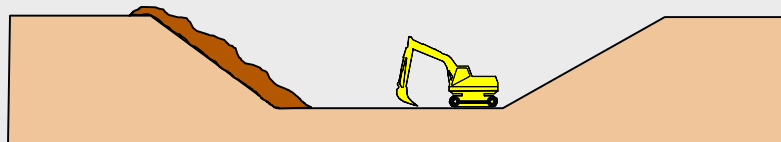
Step Two. The hauler brings the waste to the transfer station contracted by the Agency.



Step Three. The waste is consolidated into larger loads for more efficient transport.



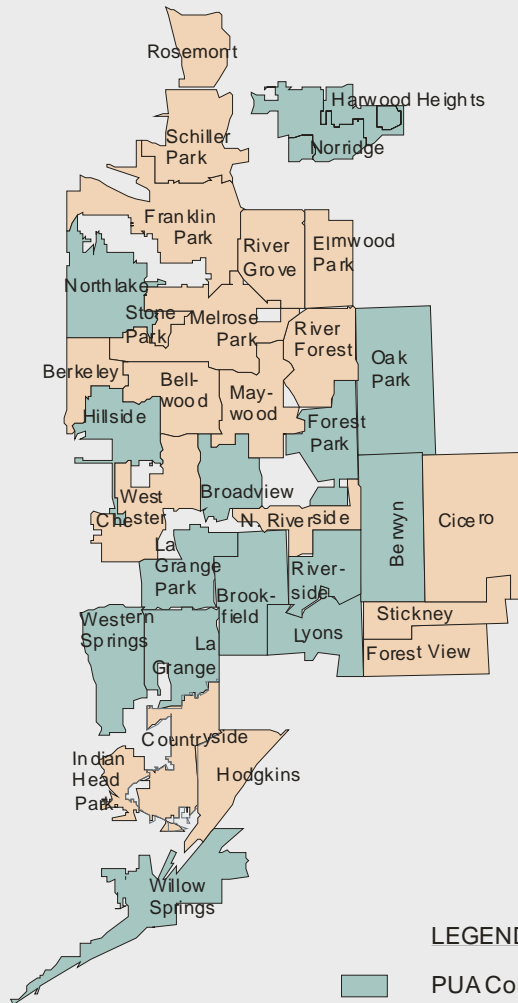
Step Four. The waste is taken to a landfill that has undergone an environmental review and has been approved by the Agency.



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HISTORY OF RDP



LEGEND

- PUA Communities
- Non-PUA WCCSWA Communities

- **1989 – 1992:**
Solid Waste Management Plan
(recommended contracting for transfer and disposal capacity)
- **1995 – 1997:**
RDP developed in detail
(Member PUAs, RFQ and RFP for services, vendor contracts, negotiations)
- **1997 – 2008 :**
RDP operation (Waste Management)
- **2009 - 2018 :**
RDP operation (Republic Services)
- **Participation:**
15 municipalities, Zoo, OP Park District



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PROCUREMENT ACTIVITIES

- **Current contract with Republic expires on 12/31/2018, unless extended**
- **Formed a Negotiating Committee in early Fall, 2016**
- **Requested extension proposal from Republic, but the proposed terms did not offer improvements over current contract**
- **Negotiating Committee met during 1st half of 2017 to review market issues**
- **Staff (including technical consultant and counsel) met with vendors in July, 2017 to explain RDP and ascertain interest in RDP -- all vendors were interested**



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PROCUREMENT ACTIVITIES (cont'd.)

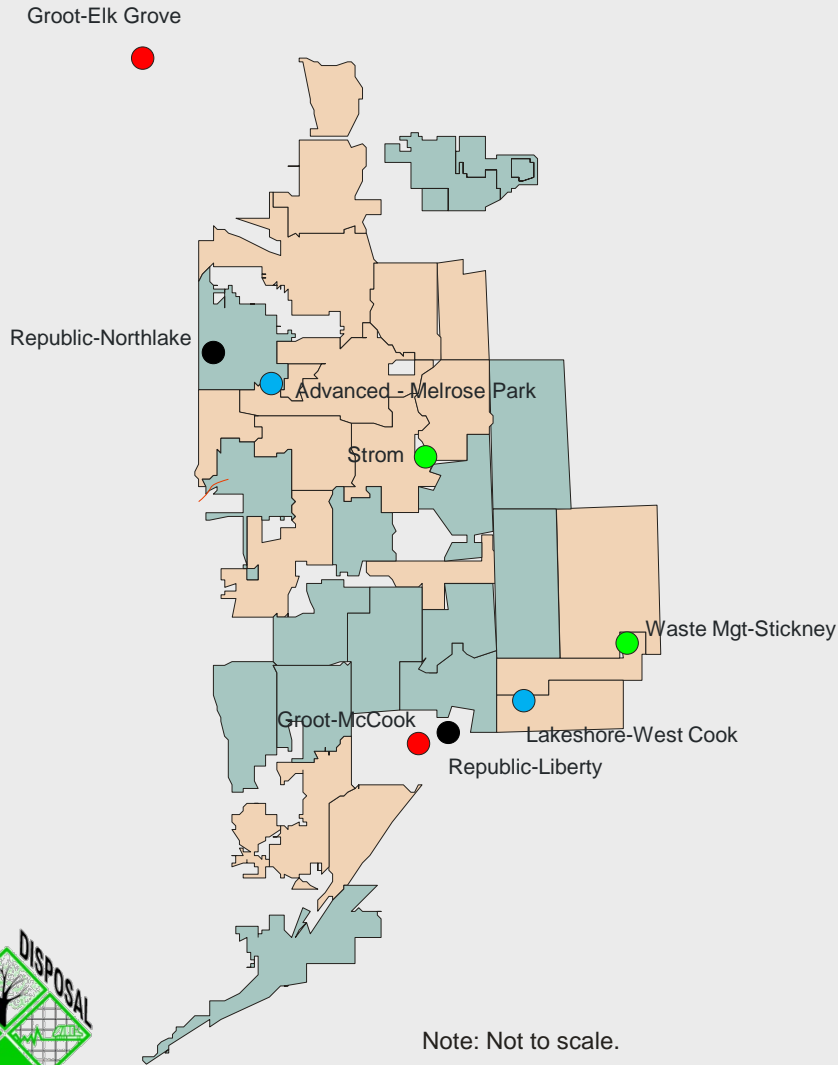
- Issued RFP in October, 2017. Proposals received on December 15, 2017
- Received 4 proposals: Groot, Republic (formerly Allied), Lakeshore/Advanced, and Strom/Waste Management
 - These companies/teams own all of the transfer stations nearest to the Agency and are the principal haulers within the Agency
 - Each proposer offered two transfer stations as well as landfill disposal capacity (primary and backup)
 - For first time in history of RDP, all potential vendors submitted proposals
- Interviewed all proposers January 8-9, 2018
- Negotiated contract terms with low cost vendor



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TRANSFER STATIONS OFFERED BY VENDORS



LEGEND

- PUA Communities
- Non-PUA WCCSWA Communities
- Groot (Waste Connections)
- Advanced/Lakeshore
- Republic
- Waste Management/Strom

Under current contract with Republic:
 70% of RDP tonnage goes to Liberty
 30% of RDP tonnage goes to Northlake.

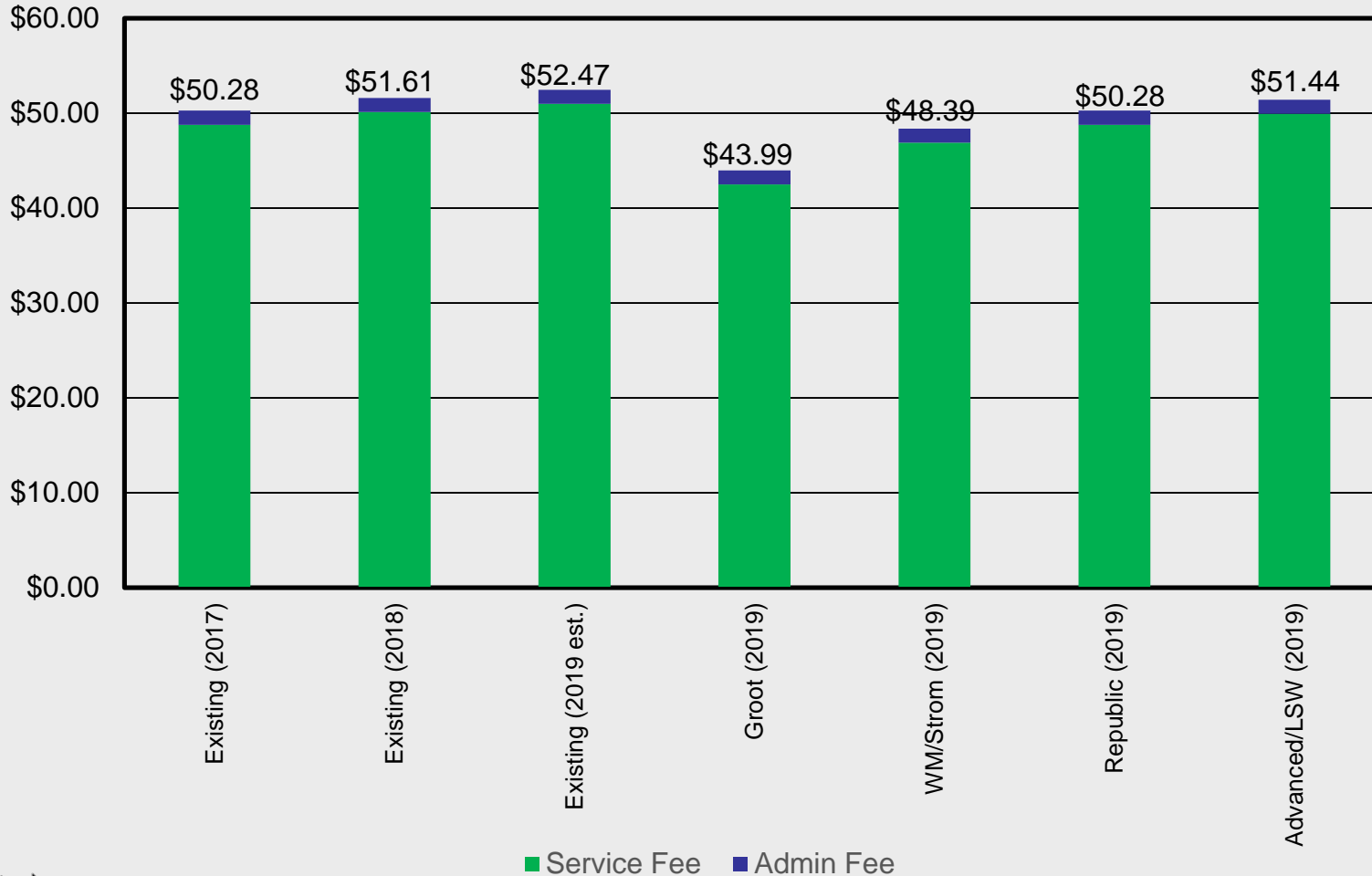
Note: Not to scale.



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PRICING COMPARISON



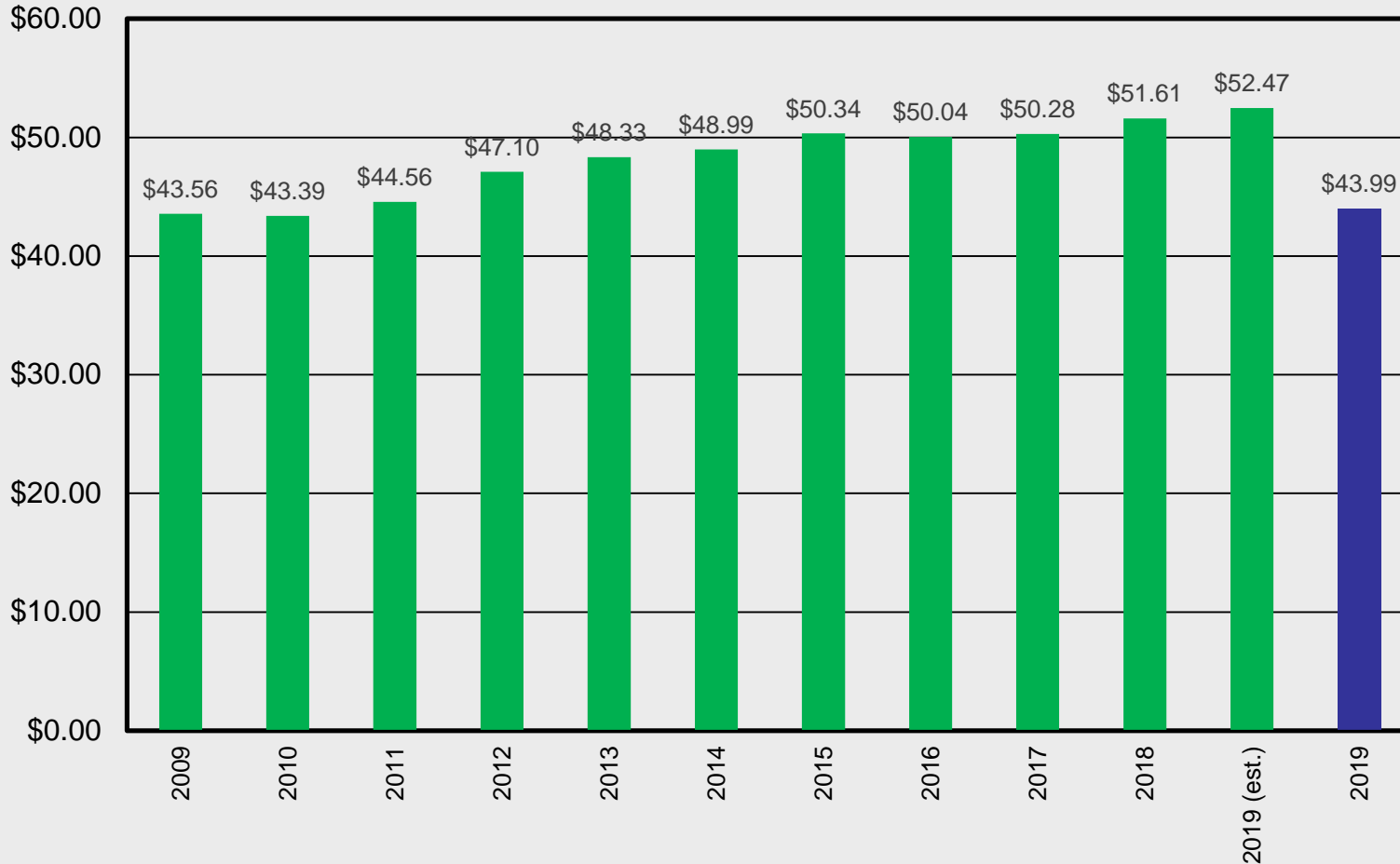
- All vendors proposed 2019 pricing that is lower than 2018 current price.
- Groot was clearly the lowest cost proposal, with savings of \$7.62/ton versus 2018 current price.
- Groot was lower than other vendors by \$4.40 - \$7.45/ton.



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PRICING COMPARISON (cont'd.)



■ Current ■ New

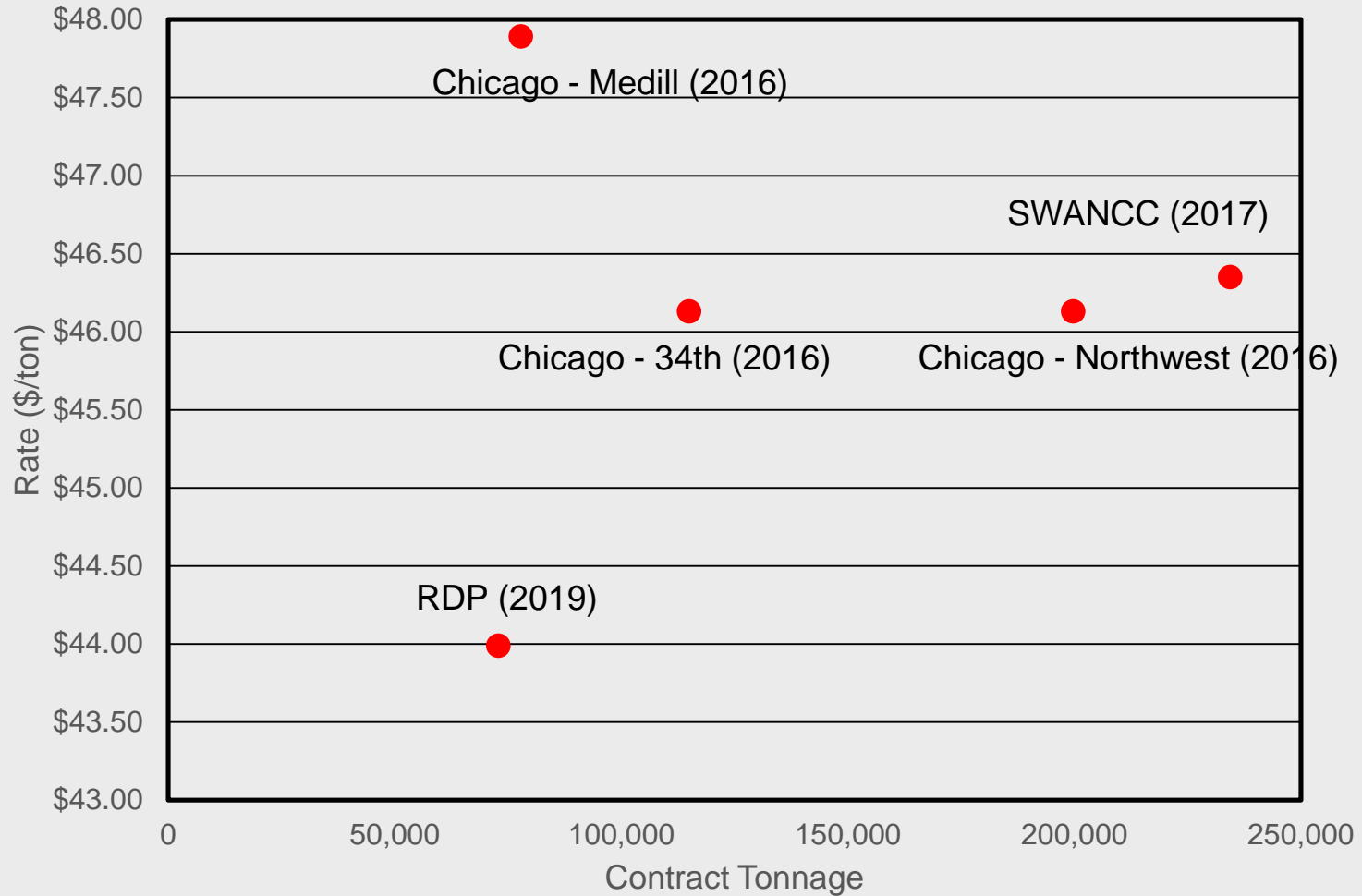


- Groot proposal represents a roll-back in pricing to rates from 10 years ago.

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PRICING COMPARISON (cont'd.)



- Groot proposal results in pricing that is below market for other public transfer contracts, even with the Agency's admin fee.



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ESTIMATED SAVINGS: CURRENT CONTRACT (2018) VS. NEW CONTRACT (2019)

- **Contractor Service Fee:**

Current Contract (2018) = \$50.12/ton

New Contract (2019) = \$42.50/ton

Savings = \$7.62/ton

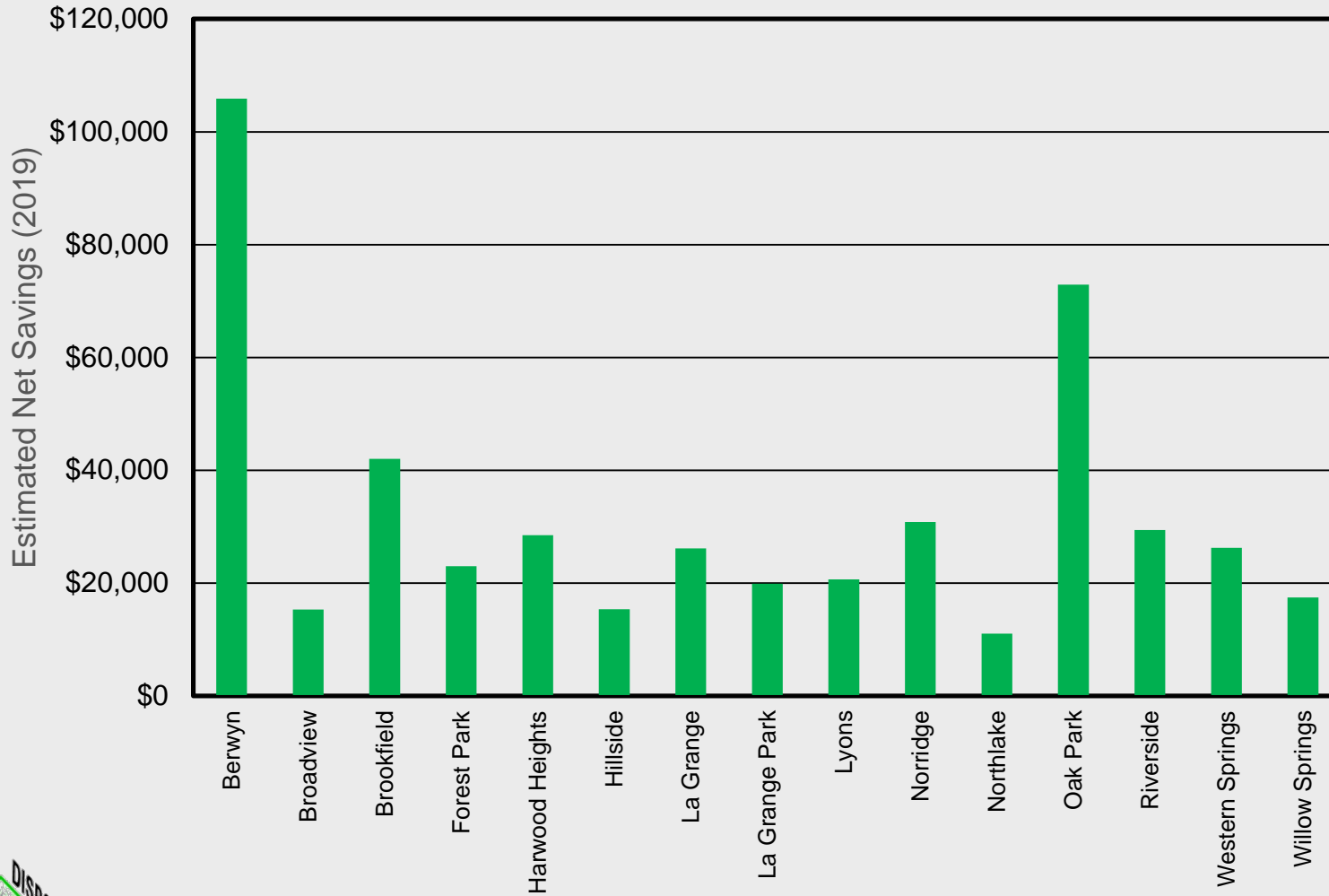
- **Because there is a north and south transfer station, there is generally little impact to local hauling distances and time.**
 - On average, the impact is a small increase of 1.6 miles or 3.5 minutes per load.
 - Groot's McCook transfer station is located about one mile from Republic's McCook facility (which currently handles 70% of RDP waste).
 - The change in hauling distances and time will vary from town to town.
- **Net of transportation-related impacts, all member towns are estimated to have significant savings versus the current contract.**



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ESTIMATED SAVINGS: CURRENT CONTRACT (2018) VS. NEW CONTRACT (2019)



- Reflects transportation differential between Republic and Groot transfer stations.
- Savings are based on tons delivered by each member.

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CONTRACT TERMS

- **Corporate guarantee from Waste Connections US, Inc.**
- **Comprehensive indemnification**
- **Comprehensive insurance:**
 - **Environmental (transfer = \$5,000,000, landfill = \$20,000,000)**
 - **Auto = \$5,000,000**
 - **General = \$5,000,000**
 - **Umbrella = \$10,000,000**
- **Guaranteed capacity at transfer stations and landfills**



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CONTRACT TERMS (cont'd.)

- **No per load minimums (benefits public works departments)**
- **No minimum tonnage (put-or-pay) for Agency**
- **Escalation: CPI, minimum 1.5%, maximum 4.0%**
 - **State of Illinois surcharges (\$2.22/ton) no longer subject to annual escalation as they were in current contract**
 - **No separate fuel adjustment as in current contract**
 - **No separate labor adjustment as in current contract**
- **\$1.50/ton rebate on RDP tonnage (allows Agency to keep administrative fee as low as possible)**
 - **Rebate will escalate annually**



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CONTRACT TERMS (cont'd.)

- **Fee for landscape waste will decrease from \$52.14/ton under current contract to \$44.00/ton**
- **For the first time, members will have a recycling option:**
 - **\$95.00/ton processing fee**
 - **Revenue share = 50% of average material revenue in excess of processing fee. For example, if average material revenues were \$105.00/ton, the revenue share would be \$5.00/ton**
 - **This is optional service at member's discretion**
- **10-year initial term (2019 - 2028)**
 - **Two additional 5-year extensions at Agency's discretion (same contract terms)**



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SUMMARY

- **Significant reduction in costs from current contract (\$7.62/ton)**
- **Represents a price roll-back to rates from 10 years ago**
- **Below market pricing for other public transfer/disposal contracts**
- **Two transfer stations provided to minimize hauling distances**
- **Substantial environmental safeguards**
- **New services (ability to accommodate recyclables)**
- **All of the above are backed by a contract, in writing**
- **All vendors available in the market submitted proposals**
- **Groot proposal offered clear and compelling advantages**



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NEXT STEPS

- **Today: request approval today to authorize executing an agreement with Groot in substantially similar form to negotiated agreement**
- **Next 45 days: request participating members to renew their participation in RDP**
 - **Agency will distribute a template resolution to effectuate this**
 - **Agency staff is available to meet with individual communities as necessary**



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