



EVALUATION REPORT

11-03-09

For Proposals
Received in
Response to

RFP # 09-1418

**TO
OPERATE
THE
METRO SOUTH
OR
METRO CENTRAL
TRANSFER STATION**

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Metro Transfer Station Operations
Proposals for RFP #09-1418

Final Evaluation Report

Purpose: This summary report explains the proposal evaluation process and ranking of firms and documents the final outcomes of the scoring and ranking.

Executive Summary

Metro solicited proposals for a suite of solid waste transfer and materials-recovery services at its Metro Central and Metro South transfer stations. Metro received responsive proposals for each station from three qualified firms:

- Allied Waste Transfer Services of Oregon, LLC (a subsidiary of Republic Services, Inc. based in Phoenix, AZ)
- GreenWaste/Zanker (a joint venture between GreenWaste Recovery, Inc. and Zanker Road Resource Mgmt., Ltd., San Jose, CA)
- Recology Oregon Inc. (a subsidiary of Recology Inc., San Francisco, CA).

An Evaluation Team scored proposals according to evaluation criteria that reflect Metro’s goals of sustainable and efficient provision of public solid waste services. The final scores are shown below, followed by a project overview and explanation of the evaluation process.

Final Evaluation Scores out of 100 Points for RFP #09-1418			
Metro Central		Metro South	
Firm	Score	Firm	Score
Recology	84.9	Allied	74.6
Allied	78.6	Recology	65.5
GreenWaste/Zanker	57.2	GreenWaste/Zanker	56.8

PROJECT OVERVIEW

Metro owns and contracts for the operations of two regional solid waste transfer stations in the Portland metropolitan region: Metro Central Station (MCS) in northwest Portland, and Metro South Station (MSS) in Oregon City. Services offered include acceptance and handling of loads of solid waste collected by commercial hauling companies, and acceptance and handling of solid waste and recyclables delivered by smaller, so-called “self-haul” customers.

The current transfer operations contract for both transfer stations expires March 31, 2010. The purpose of RFP #09-1418 was to obtain a new contract or contracts for continued and improved operations at both stations. In particular, Metro sought to double the rates of materials recovery from mixed dry waste, currently about 15% at MSS and about 17% at MCS. Metro received proposals from three companies for operating MCS, and proposals from those same entities for operating MSS.

Steps in the Process

What	Whom
Solicit Proposals	Core Team
Score & rank proposals	Evaluation Team
Enter into contract negotiations	Negotiations Team
Sign contract	Metro COO

Core Team

Metro staff that formed the core planning team included the following personnel:

- Chuck Geyer, Principal Solid Waste Planner and project manager for the procurement
- Penny Erickson, Principal Solid Waste Planner and transfer station operations manager
- Molly Chidsey, Sustainability Coordinator for Metro
- Tom Chaimov, Senior Solid Waste Planner

This group of Metro staff researched Metro’s needs, industry interest in the project, managed technical support (see Technical Consultants below), and drafted and released the RFP. The team also developed proposed sub-criteria categories and weights for consideration by the Evaluation Team. The Metro core team received in-house technical support from other Metro staff, as follows:

- Angela Watkins, MWESB Program Coordinator
- Kerry Gilbreth, Total Compensation Manager
- Mike Amodeo, Safety Specialist
- Darin Matthews, Metro Procurement Officer
- Marv Fjordbeck, Office of Metro Attorney

Evaluation Team

The Evaluation Team consisted of the following members:

- Paul Ehinger, PE, Director of Solid Waste Operations for Metro
- Matt Korot, Resource Conservation & Recycling Program Manager for Metro
- Janelle Schmidt, Lead Climate Policy Analyst for the Bonneville Power Administration

Technical Consultants

Metro staff and the Evaluation Team were supported by the following technical consultants:

- CalRecovery, whose staff of engineers reviewed each proposal for plan feasibility, equipment adequacy, and other technical elements
- Beecher Carlson, whose bond manager provided technical review of each company’s financial records to assess financial and capability

THE EVALUATION PROCESS

Proposals were complex and detailed. The Evaluation Team utilized a structured, systematic approach for scoring proposals (referred to in the decision making literature as “multi-criteria decision analysis”), first discussing in detail and then scoring individual proposal elements separately, then summing those individual scores to assign an overall score. Scoring was normalized to 100. In other words, a perfect score would earn 100 points. No proposal garnered a perfect score.

Evaluation Criteria

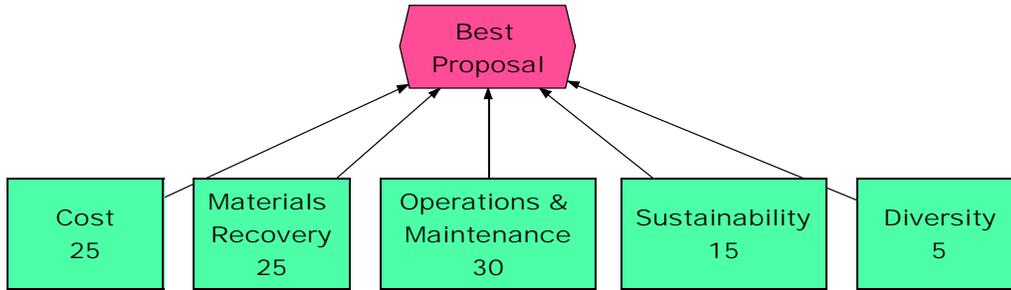


Figure 1. The high-level criteria and associated weights used to evaluate each proposal. These categories and weightings reflect the operational considerations that are most important to Metro and were contained in the RFP.

The high-level criteria shown in Figure 1 are further defined by describing and allocating points to sub-criteria. For example, the 25 points possible for Materials recovery include points for each of three, more detailed, sub-criteria. It is these sub-criteria that provide the Evaluation Team with manageable “chunks” to discuss and score. The detailed sub-criteria and importance weightings are shown below.

Sub-Criteria and Weights

Metro Transfer Station Operations RFP
Importance Weightings

Decision Context: Evaluate proposals for the operation of Metro transfer stations.		
Objectives Hierarchy	Weights	
	Level 1	Level 2
1. Cost	25	
1a. Total Cost		20
1b. Financial Capability		5
2. Materials Recovery	25	
2a. Tons of Dry Waste Rec. over contract		14
2b. Dry Waste Plan Feasibility		5
2c. Source Separated Recovery		6
3. Operations	20	
3a. Safety		3
3b. Environmental Practices & Permits		2
3c. Operational Effectiveness		10
3d. Operational Efficiency / Level of Service		5
4. Maintenance	10	
4a. Maintenance Effectiveness		5
4b. Maintenance Efficiency		5
5. Sustainability	15	
5a. Operational / Economic		5
5b. Social		5
5c. Accountability		5
6. Diversity in Employment & Contracting	5	
		5

FIGURE 2. The high-level (“Level 1”) criteria and the “Level 2” sub-criteria used to evaluate proposals. Importance Weightings reflect the allocation of possible points to each sub-criterion. These criteria and weightings were used to evaluate both MCS and MSS proposals.

Cost (25 points)

Cost is split into two pieces: Total Cost (20 pts) and Financial Capability (5 pts). The first piece, Total Cost, is scored analytically, according to a formula provided in the RFP. As specified in the RFP, the low-cost proposer receives all 20 points for Total Cost. The other proposers receive proportionately fewer points for Total Cost. For example, with 20 points available, if the second-place cost proposal is 10% more expensive than the low-cost proposal, then the second-place proposer would receive 10% fewer points than the low-cost proposer, or 18 points.

Total Cost was computed using a baseline seven-year tonnage projection provided in the RFP and prices submitted for managing various waste types. Each proposer submitted a proposed payment schedule as follows:

- A fixed charge, to be paid monthly; and per-ton handling charges for:
 - wet waste
 - dry waste
 - wood & yard debris
 - source-separated compostable food waste
 - any other source-separated wastes (not scored)

In addition, proposers guaranteed dry waste recovery rates and dollar-per-ton incentives for three different levels of recovery performance. The cost of recovery incentives was computed as if the guarantees were achieved exactly according to each proposer. Monthly interpolation was performed where proposers did not provide that level of detail. The Total Cost was rolled up into one present value figure discounted at a 4% annual rate. Metro staff computed the discounted total cost figures.

Five points out of 25 in the cost category were awarded for financial capability, a reflection of each company's financial record and strength. Financial capability is essentially the probability that a proposing company could—from a financial standpoint—provide undiminished service for the full term of the contract. The financial analysis was conducted independently by Beecher Carlson.

Materials recovery (25 points)

Three sub-criteria underlie the 25 points for Materials recovery: Total number of tons recovered over seven years (present value at 6%), plan feasibility, and the plan's contribution to source separation. Tons recovered were computed by Metro staff and scored similarly to Total Cost. The firm that guaranteed the highest number of recovered tons received all the points for that criterion; lower guarantees received proportionately fewer points. The scoring of plan feasibility—*i.e.*, the likelihood of achieving proposed performance—was informed by Metro staff and CalRecovery analysis. Each proposal was reviewed for its likely impact on source-separated recovery programs and other innovative offerings (e.g., Reuse, LEEDs load certification).

Operations & Maintenance (30 points)

Operations and Maintenance is the highest-value criterion and includes a comprehensive assessment of overall plan effectiveness, proposed traffic patterns, equipment adequacy, proper personnel, a robust maintenance program, permit compliance, and a determination of the probable impact of the proposed operation on the level of service for all customers. Each proposer's safety history was also a factor. A review of operations and maintenance plans was conducted by Metro personnel and independently verified by CalRecovery engineers.

Sustainability (15)

Each firm submitted a plan to implement and monitor sustainable practices on site. These plans were evaluated for operational, environmental, economic, and social sustainability. Also important to Metro was a firm’s accountability, *i.e.*, the program proposed for tracking, monitoring, and making adjustments as needed. The sustainability plans were reviewed by Metro’s Sustainability Coordinator. Employee compensation packages were reviewed by Metro’s Human Resources Department.

Diversity in Employment and Contracting (5 points)

Metro supports and encourages the hiring of minority and women employees, and the use of minority- and/or women-owned businesses as well as emerging small businesses as contractors. Metro’s MWESB Coordinator reviewed firms’ diversity policies and practices. Firms with well-developed policies and who demonstrated tangible steps taken to employ such firms were scored favorably.

EVALUATION RESULTS

General Observations

Metro received proposals from three entities, any one of which appeared to possess the expertise and track record to do a good job with transfer station operations. Thus, Metro’s Evaluation Team found itself in the enviable position of choosing from among three good proposers, based on the detailed information provided in the proposals.

In general, Allied and Recology both presented good, detailed plans for both stations; while the GreenWaste/Zanker proposals were to be detailed if selected for negotiations. The lack of detail in the GreenWaste/Zanker proposals negatively impacted their resulting scores.

While Cost was scored along with the non-cost criteria, it is instructive to look at cost points and non-cost points separately. Viewing them separately provides an opportunity to qualitatively assess “bang for the buck.” For example, a high score on Total Cost combined with a low score on other criteria would indicate low value proposal (low “bang for the buck”). Conversely, a high score on Total Cost combined with a high score on other criteria would indicate relatively better value for Metro and the region.

Cost and non-cost scores for Metro Central are presented and discussed below. A similar section on Metro South follows.

Metro Central Station (MCS)

TABLE 1. Metro Central Cost & Non-Cost Points

Rank		Total Cost	Non-Cost	Total
1	Recology	17.9	67.0	84.9
2	Allied	20.0	58.6	78.6
3	GreenWaste/Zanker	11.3	45.9	57.2

Discussion

For Metro Central operations, Recology was the highest ranked firm, based primarily on their superior materials recovery plan and sustainability measures. Both Allied and Recology proposed similar total costs (within about 10% of each other), but Recology guaranteed considerably more materials recovery and proposed a more robust sustainability plan. GreenWaste/Zanker proposed a much higher total cost, and materials recovery about equal to Allied’s, with substantially less detail on sustainability and

operations than the other proposers. The detailed sub-criteria and total scores for all proposers on Metro Central are shown in an Appendix.

Metro South Station (MSS)

TABLE 2. Metro South Cost & Non-Cost Points

Rank		Total Cost	Non-Cost	Total
1	Allied	20.0	54.6	74.6
2	Recology	8.9	56.6	65.5
3	GreenWaste/Zanker	14.9	41.9	56.8

Discussion

No firm scored more than 75 total points. These relatively low overall scores indicate the difficulty of meeting Metro’s needs at Metro South. Given that Metro received such proposals from three reputable and competent firms may indicate that there is not a cost-effective way to operate Metro South that accommodates the large numbers of customers *and* provides for the levels of materials recovery there that Metro seeks.

Allied was the highest ranked firm for Metro South, and even with all 20 cost points, their total score was under 75 points. Their *non-cost* score was nearly the same as Recology’s, but Recology’s total cost proposal was approximately 50% higher than Allied’s. GreenWaste/Zanker proposed a cost about midway between the other two, but provided little detail for the Evaluation Team to determine the feasibility of their plan.

Both Allied and Recology proposed moving a large proportion (about two-thirds) of mixed dry waste to their own private facilities off site in order to free up space on site and to do a better job of materials recovery. GreenWaste/Zanker proposed keeping the waste on site and increasing the number of sorters to achieve higher recovery rates.

Indirect Cost Impacts

Overall, costs for the proposed operations at Metro South are considerably higher than current pricing, on the order of a 50%-plus increase. Such increased operations cost would be offset, in part, by savings from reduced transport and disposal costs.

Anytime waste recovery increases (*i.e.*, fewer tons are disposed), Metro’s per-ton costs tend to increase (all else equal). Metro is aware of this effect, and Metro encourages recovery with the full knowledge that unit costs are likely to go up as a result. Less common, but likewise impactful, major diversions of tonnage from one facility to another can also cause changes in Metro’s costs. For example, performing materials recovery off site at a private facility could cause such a major shift in tonnage. Specifically, if waste were diverted away from Metro’s existing transport and disposal contracts—as in the Allied proposal, there would be a reduction in Metro’s total cost of waste transport and disposal.

These impacts are beyond the scope of the structured proposal evaluation process, but should be thoroughly examined and understood prior to negotiations.

List of Appendices

- A. Detailed evaluation scores for Metro Central
- B. Weighted evaluation scores for Metro Central
- C. Detailed evaluation scores for Metro South
- D. Weighted evaluation scores for Metro South

Appendix A. Detailed evaluation scores for Metro Central

Metro Central Transfer Station Operations RFP
Unweighted Scores for each Proposer

Decision Context: Evaluate proposals for the operation of Metro transfer stations.		Scores		
		Central Proposer		
Objectives Hierarchy	Scale	Recology	Allied	GWZ
1. Cost				
1a. Total Cost (\$ millions)	ratio off best	31.2	28.2	40.5
1b. Financial Capability	1 to 5 scale	3.5	4.5	2.5
2. Materials Recovery				
2a. Tons of Dry Waste Rec. over contract (1000s)	ratio off best	162.3	125.0	126.7
2b. Dry Waste Plan Feasibility	1 to 5 scale	4.5	3.0	4.0
2c. Source Separated Recovery	1 to 5 scale	4.5	4.0	2.5
3. Operations				
3a. Safety	1 to 5 scale	1.0	4.0	3.0
3b. Environmental Practices & Permits	1 to 5 scale	3.0	3.0	3.0
3c. Operational Effectiveness	1 to 5 scale	4.5	4.0	2.5
3d. Operational Efficiency / Level of Service	1 to 5 scale	3.0	3.5	2.5
4. Maintenance				
4a. Maintenance Effectiveness	1 to 5 scale	4.0	3.5	2.0
4b. Maintenance Efficiency	1 to 5 scale	3.5	3.5	2.5
5. Sustainability				
5a. Operational / Economic	1 to 5 scale	5.0	3.0	2.0
5b. Social	1 to 5 scale	4.0	3.4	3.3
5c. Accountability	1 to 5 scale	5.0	3.0	3.5
6. Diversity in Employment & Contracting				
	1 to 5 scale	4.3	4.0	1.7

Appendix B. Weighted evaluation scores for Metro Central

Metro Central Transfer Station Operations RFP

Weighted Scores for each Proposer

Decision Context: Evaluate proposals for the operation of Metro transfer stations.	Central Proposer			Points Possible
	Recology	Allied	GWZ	
Objectives Hierarchy	84.9	78.6	57.2	100
1. Cost				
1a. Total Cost	17.9	20.0	11.3	20
1b. Financial Capability	3.5	4.5	2.5	5
Subtotal Cost	21.4	24.5	13.8	25
2. Materials Recovery				
2a. Tons of Dry Waste Rec. over contract	14.0	10.8	10.9	14
2b. Dry Waste Plan Feasibility	4.5	3.0	4.0	5
2c. Source Separated Recovery	5.4	4.8	3.0	6
Subtotal Materials Recovery	23.9	18.6	17.9	25
3. Operations				
3a. Safety	0.6	2.4	1.8	3
3b. Environmental Practices & Permits	1.2	1.2	1.2	2
3c. Operational Effectiveness	9.0	8.0	5.0	10
3d. Operational Efficiency / Level of Service	3.0	3.5	2.5	5
Subtotal Operations	13.8	15.1	10.5	20
4. Maintenance				
4a. Maintenance Effectiveness	4.0	3.5	2.0	5
4b. Maintenance Efficiency	3.5	3.5	2.5	5
Subtotal Maintenance	7.5	7.0	4.5	10
5. Sustainability				
5a. Operational / Economic	5.0	3.0	2.0	5
5b. Social	4.0	3.4	3.3	5
5c. Accountability	5.0	3.0	3.5	5
Subtotal Sustainability	14.0	9.4	8.8	15
6. Diversity in Employment & Contracting				
	4.3	4.0	1.7	5

Appendix C. Detailed evaluation scores for Metro South

Metro South Transfer Operations RFP

Unweighted Scores for each Proposer

Decision Context: Evaluate proposals for the operation of Metro transfer stations.		Scores		
Objectives Hierarchy		South Proposer		
		Recology	Allied	GWZ
1. Cost				
1a. Total Cost (\$ millions)	ratio off best	68.0	43.8	54.8
1b. Financial Capability	1 to 5 scale	3.5	4.5	2.5
2. Materials Recovery				
2a. Tons of Dry Waste Rec. over contract (1000s)	ratio off best	198.4	156.6	202.0
2b. Dry Waste Plan Feasibility	1 to 5 scale	2.5	2.5	1.0
2c. Source Separated Recovery	1 to 5 scale	3.5	3.5	2.0
3. Operations				
3a. Safety	1 to 5 scale	1.0	4.0	3.0
3b. Environmental Practices & Permits	1 to 5 scale	3.0	3.0	3.0
3c. Operational Effectiveness	1 to 5 scale	2.0	3.0	1.5
3d. Operational Efficiency	1 to 5 scale	1.0	2.0	1.0
4. Maintenance				
4a. Maintenance Effectiveness	1 to 5 scale	4.0	3.5	2.0
4b. Maintenance Efficiency	1 to 5 scale	3.5	3.5	2.5
5. Sustainability				
5a. Operational / Economic	1 to 5 scale	5.0	3.5	2.0
5b. Social	1 to 5 scale	4.0	3.4	3.3
5c. Accountability	1 to 5 scale	5.0	3.0	3.5
6. Diversity in Employment & Contracting				
	1 to 5 scale	4.3	4.0	1.7

Appendix D. Weighted evaluation scores for Metro Central

Metro South Transfer Station Operations RFP
Weighted Scores for Each Proposer

Decision Context: Evaluate proposals for the operation of Metro transfer stations.	South Proposer			Points Possible
	Recology	Allied	GWZ	
Objectives Hierarchy	65.5	74.6	56.8	100
1. Cost				
1a. Total Cost	8.9	20.0	14.9	20
1b. Financial Capability	3.5	4.5	2.5	5
Subtotal Cost	12.4	24.5	17.4	25
2. Materials Recovery				
2a. Tons of Dry Waste Rec. over contract	13.7	10.9	14.0	14
2b. Dry Waste Plan Feasibility	2.5	2.5	1.0	5
2c. Source Separated Recovery	4.2	4.2	2.4	6
Subtotal Materials Recovery	20.4	17.6	17.4	25
3. Operations				
3a. Safety	0.6	2.4	1.8	3
3b. Environmental Practices & Permits	1.2	1.2	1.2	2
3c. Operational Effectiveness	4.0	6.0	3.0	10
3d. Operational Efficiency	1.0	2.0	1.0	5
Subtotal Operations	6.8	11.6	7.0	20
4. Maintenance				
4a. Maintenance Effectiveness	4.0	3.5	2.0	5
4b. Maintenance Efficiency	3.5	3.5	2.5	5
Subtotal Maintenance	7.5	7.0	4.5	10
5. Sustainability				
5a. Operational / Economic	5.0	3.5	2.0	5
5b. Social	4.0	3.4	3.3	5
5c. Accountability	5.0	3.0	3.5	5
Subtotal Sustainability	14.0	9.9	8.8	15
6. Diversity in Employment & Contracting				
	4.3	4.0	1.7	5