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City Manager's Office

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Nadine Nader

SUBJECT: Early Council Item

DATE: March 17, 2011

Approved

Date 3/17/11

PRE-EARLY DISTRIBUTION ITEM FOR APRIL 5, 2011

Please find attached an early release of an item for the Council Packet for the April 5, 2011 Council Meeting.

7.x Actions related to the Report on the Request for Proposals for Commercial Solid Waste System.

Recommendation:

(a) Accept the Report on Request for Proposals; and

(b) Adopt a resolution authorizing the City Manager to:

(1) Negotiate agreements with Allied Waste Industries including exclusive franchise agreements to perform Commercial Solid Waste and Recyclable Material Collection services citywide from July 1, 2012 through June 30, 2027, and a Memorandum of Understanding for transition to the redesigned commercial solid waste system.

(2) Negotiate agreements with Zero Waste Energy Development Company including an agreement to perform Commercial Organic Waste Processing services citywide from July 1, 2012 through June 30, 2027, and a Memorandum of Understanding for transition to the redesigned commercial solid waste system.

(3) Return to the City Council in June 2011 with proposed agreements for execution and proposed ordinances or resolutions for adoption, to implement the redesigned commercial solid waste system.

CEQA: Not a Project, File No. PP10-066(e), e. Services that involve no physical changes to the environment. (Environmental Services/Finance)

This item will also be included in the Council Agenda Packet with an item number.

NADINE NADER
Assistant to the City Manager

COUNCIL AGENDA: 04-05-11
ITEM:

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: John Stufflebean
Scott P. Johnson

SUBJECT: SEE BELOW

DATE: 03-10-11

Approved

Date 3/17/11

COUNCIL DISTRICT: Citywide

SUBJECT: REPORT ON REQUEST FOR PROPOSALS FOR COMMERCIAL SOLID WASTE SYSTEM

RECOMMENDATION

Report on Request for Proposals and adopt a resolution authorizing the City Manager to:

A. Negotiate agreements with Allied Waste Industries including exclusive franchise agreements to perform Commercial Solid Waste and Recyclable Material Collection services citywide from July 1, 2012 through June 30, 2027, and a Memorandum of Understanding for transition to the redesigned commercial solid waste system.

B. Negotiate agreements with Zero Waste Energy Development Company including an agreement to perform Commercial Organic Waste Processing services citywide from July 1, 2012 through June 30, 2027, and a Memorandum of Understanding for transition to the redesigned commercial solid waste system.

C. Return to the City Council in June 2011 with proposed agreements for execution and proposed ordinances or resolutions for adoption, to implement the redesigned commercial solid waste system.

OUTCOME

The proposed commercial solid waste collection and organics processing services will provide the most comprehensive and innovative commercial solid waste and recycling system in the United States and will further San José's Green Vision goals of economic growth, environmental sustainability, and enhanced quality of life for its community. Benefits of the new system include

more options for customer waste recycling and collection, reasonable and equitable service rates, a new "green" fleet of approximately 50 alternative fuel solid waste collection trucks to replace the existing aging fleet, stable franchise fee revenue for the General Fund, increased waste diversion, progress toward renewable energy goals, and the creation of additional green recycling jobs in San José.

EXECUTIVE SUMMARY

Three proposals meeting the minimum qualifications for Commercial Organic Waste Processing services were received by the April 16, 2010 deadline and five proposals meeting the minimum qualifications for Commercial Solid Waste and Recyclable Material Collection services were received by the September 22, 2010 deadline. The evaluation of the proposals was done in accordance with the process prescribed in the Requests for Proposals (RFP) and in conformance with City policy.

Staff recommends issuing exclusive franchises for citywide solid waste and recyclable material collection services to Allied Waste Services of North America, LLC (Allied) for a term of fifteen years. Staff also recommends contracting with Zero Waste Energy Development (ZWED) for organics processing services. The Allied and ZWED proposals each received the highest overall technical scores at the lowest costs. Allied's "One-Bin Plus" system addresses customer needs for tailored service, convenience, and low costs. ZWED's anaerobic digestion would enable the City to implement cutting-edge processing technology at a lower cost than ZWED's composting option. Both systems will enable the City's commercial sector to move from 22% to 75 % waste diversion, which makes up a third of the City's overall waste stream.

BACKGROUND

The current non-exclusive commercial solid waste franchise system serves more than 8,000 commercial, industrial, and institutional waste generators. This system has presented challenges such as wide variations in services and in service quality to customers, low rates of waste recycling and diversion from landfills, declining City fee revenues, limited infrastructure investment by the haulers for recycling, and limited controls available to the City to ensure hauler performance. The proposed redesign of the system is intended to address the following initiatives and challenges:

1) Green Vision Goals – San José's Green Vision has goals for Zero Waste and waste-to-energy by 2022. The commercial diversion rate is currently 22%. A waste characterization study conducted in 2008 indicated that the City could divert nearly 79% of the commercial solid waste through recycling and composting. Because business waste represents one-third of the total waste going to landfills, San José cannot reach the Green Vision goal of Zero Waste by 2022 without a major improvement in commercial recycling. The redesign also contributes to several other Green Vision goals, including: the creation of green jobs; reduction of per capita energy use; development of alternative energy; creation of more green buildings infrastructure; and the deployment and

promotion of clean fleet vehicles.

2) Customer Needs – Staff engaged in extensive stakeholder outreach including in-person interviews, presentations, local media outlets, and on-line surveys to identify business needs and redesign opportunities. Analysis of survey responses from 500 business customers and interviews with 22 businesses revealed that the biggest barriers to recycling are a lack of service options, a need for assistance with implementing recycling at the business site, inadequate space for recycling containers, and the cost of service. Additionally, about half of respondents approved of an exclusive franchise system where the City selects the hauler and sets service rates. See *Attachment A: Stakeholder Engagement Process,* for more details of these outreach efforts.

3) Stabilizing Franchise Fee Revenue – At present, commercial haulers pay Commercial Solid Waste Collection Franchise Fees (Commercial Franchise Fees) to the City's General Fund based upon the volume of garbage collected. Therefore, as garbage volumes decrease – either through business fluctuations or increased recycling – fee revenue also decreases. This new solid waste system will maintain current Commercial Franchise Fee revenue, even as garbage volumes decrease due to expanded recycling services.

In March 2009, Council directed staff to conduct separate procurements for organic processing services and collection franchise services. The commercial solid waste RFP process was designed to procure one or two exclusive collection franchisees that would provide most solid waste services and bill all business customers for these services. Respondents to the collections franchise RFP would propose an "annual revenue requirement" to be generated from commercial customer rates to fund solid waste collection, disposal, recyclables processing, and organics processing services, as well as the fees to be remitted back to the City. The collections franchisee would remit the organics processing fee (approximately 10% of the total annual revenue requirement) to the City and the City would compensate the organics processor directly from this fee. Fees remitted to the City by the collections franchisee include both Commercial Franchise Fees for the General Fund and AB939 Fees for the Integrated Waste Management Fund. .The collections franchisee will collect and process solid waste and recycling from commercial customers and then deliver the organic portion of the waste to the organics processor. The organics processor will further develop the organic waste into a finished product for recycling (ie, compost, gas, or a combination of both).

Critical RFP objectives included:

- 75% waste diversion rate
- Ten to fifteen-year term
- Options to award two separate service districts or citywide

Additional components for the collection franchise RFP included:

- Three waste container configuration options for customers
    1) Two-container set-out (one container each for wet/organic and dry/recycling waste)

2) Three-container set-out (one container each for garbage, dry recyclables, and organic waste)
3) Optional alternative set-out configuration (such as a single container for businesses with limited space)

- Exclusion of Construction and Demolition (C&D) waste handling from the exclusive franchise
- Living wage and employee retention requirements
- Consistent customer rates
- Fixed franchise fee for exclusive franchises

Most of the City's 24 franchised haulers primarily collect C&D. To mitigate the impact of converting to an exclusive franchise system, Council approved excluding C&D collection from the exclusive commercial franchise system as part of the March 2009 RFP actions. Current C&D collection process is performing well for the City and the haulers. Currently, four of the franchisees provide 85% of the commercial solid waste collection in San José. While these four companies will be impacted by the granting of an exclusive franchise, all have either been retained by the City to collect residential solid waste and/or provide significant solid waste services to other jurisdictions in the Bay Area.

ANALYSIS

The Organics Processing Services (Organics Processing) RFP was released on the City's e-procurement system on February 4, 2010; 114 companies viewed the RFP. Nine companies attended the non-mandatory pre-proposal conference, and three companies submitted responsive proposals by the April 16, 2010 deadline as follows:

Recology Pacheco Pass, Gilroy, CA (Recology) (formerly Norcal Waste Systems) A wholly owned subsidiary of Recology, a California corporation headquartered in San Francisco, CA.
Republic Services Newby Island Resource Recovery Park, Milpitas, CA (Republic) (formerly Allied Waste Services) Dba Browning-Ferris Industries of California, Inc., a California corporation owned and operated by Republic Services, Inc., a Delaware corporation headquartered in Phoenix, AZ.
Zero Waste Energy Development Company, San José, CA (ZWED) A California limited liability company created by the founders and owners of GreenWaste Recovery Inc., a California corporation, and Zanker Road Resource Management, Ltd., a California limited partnership.

The Commercial Solid Waste and Recyclable Material Collection Franchise (Collection Franchise) RFP was released on the City's e-procurement system on April 16, 2010; 176 companies viewed the RFP. Seventeen companies attended the mandatory pre-proposal conference, and five companies submitted responsive proposals by the September 22, 2010,

deadline as follows:

Allied Waste Services of North America, LLC, San José, CA (Allied) Dba Allied Waste Services of Santa Clara County, a wholly owned subsidiary of Republic Services, Inc., a Delaware corporation headquartered in Phoenix, AZ.
California Waste Solutions Inc., San José, CA (CWS) A privately held California corporation
GreenCity Recovery of San José, LLC, San José, CA (GreenCity) A limited liability company comprised of GreenWaste Recovery, Inc., a California corporation, and Garden City Sanitation, Inc., a California corporation.
Recology Silicon Valley, San José, CA (Recology) (formerly Norcal Waste Systems) Dba Recology South Bay, a wholly owned subsidiary of Recology, a California corporation headquartered in San Francisco, CA.
Revolution Resource Recovery LLC, San José, CA (Revolution) A California limited liability company.

One company, Organic Waste Remediation, LLC, Orlando, FL submitted a proposal by the deadline, but failed to meet the Minimum Qualifications.

Evaluation Process

The evaluation panel for each RFP was comprised of representatives from the local business community, Bay Area cities, and staff from the Environmental Services (ESD) and Public Works Departments. The panelists have extensive knowledge in one or more of the following areas; municipal solid waste management, organics processing, local business needs, and customer requirements. In addition to the rating panels, a technical advisory team was created to provide context to, and clarify any questions from, the Rating Panels. The Technical Advisory Team included individuals with specialized industry experience and knowledge of the local business community. Finally, an Executive Steering Committee represented by senior staff from ESD, Public Works, Finance/Procurement, and the Office of the City Manager provided oversight during the procurement process.

The Rating Panel evaluated the proposals in accordance with processes described in the RFPs and in conformance with City policy. Evaluators on each rating panel independently evaluated only the technical aspects of each proposal without access to cost information. The cost proposals were reviewed separately and assessed for reasonableness by the Technical Advisory Team before being combined with the technical scores to yield total proposal scores. A more thorough discussion of the evaluation process is included in *Attachment B: Evaluation Process*.

The City received proposals that offered approximately 100 service model variations. Due to the number of potential services, Staff conducted a comprehensive analysis of each option. Some of the issues that made evaluation of these proposals more complex included:

- Comparing services based on different combinations of collection container configuration options, multiple collection service districts (North and South), and several collection vehicle alternative fuel types;
- Ranking proposals for Organics Processing and Collection Franchise separately; then determining if the top-ranked proposals from each evaluation were compatible with each other (i.e., the organic waste collected by the Collection Franchise could be processed by the Organics Processing proposer);
- Feasibility of proposed new technologies and collection methodologies;
- Feasibility of achieving waste diversion requirement based on the proposed service model; and
- Reasonableness of the cost proposals.

Collection Franchise Evaluation

Collection Franchise Evaluation - Overall Results

Table 1 below shows the final evaluation results for the highest scoring Collection Franchise solution from each proposal. In addition to the required proposals for two and three-container collection systems, two companies submitted alternative collection system proposals. Allied's two-container collection system received the top overall score. A detailed discussion of the criteria scoring follows, including highlights from Allied's top-ranked proposals.

Collection Franchise RFP
Table 1. Evaluation Summary of Top Citywide Proposals from each Proposer*

RFP 09-10-27 Evaluation Summary							
	Vendor:	Allied		Recology	Green City	Revolution	CWS
Evaluation Criteria	Proposal:	2-Container	One-Bin Plus	Hybrid 2 & 3 Container System	2- Container	2-Container	2-Container
1. Annual Revenue Requirements		$44,833,433	$46,140,423	$48,758,290	$57,186,025	$53,770,460	$66,779,961
2. Proposal Evaluation	Possible Points	Scores	Scores	Scores	Scores	Scores	Scores
a. Qualifications and Experience Average	30	26.1	25.0	27.0	24.8	18.5	17.6
b. Technical Proposal Average	35	31.3	29.4	25.9	29.6	25.1	19.4
c. Environmental Stewardship Average	5	4.3	4.3	4.2	4.1	3.5	3.4
d. Cost Proposal	30	28.5	27.9	26.5	23.0	25.0	21.7
Evaluation Total Score:	100	90.2	86.6	83.6	81.5	72.1	62.1
Ranking:		1	2	3	4	5	6

*Some totals presented here vary slightly from the 2/4/2011 Notice of Intended Award due to rounding. Proposals shown are for a 15-year term with CNG-fueled collection vehicles.

Technical Proposal - 35%

The Technical Proposal score represents 35% of the total score. Allied's technical proposal for a two-container system received the highest score, and the "One-Bin Plus" also scored high (See Table 1). The Technical Proposal score considers customer service and outreach, ease of system for customer, ability to meet transition schedule, technical and environmental innovation, ability to further Green Vision goals, and mitigation of environmental impacts from operations and facilities. Highlights from Allied's proposals that factored into its scores are summarized below.

- *Ease of System for Customer* - Staff recommends the "One-Bin Plus" system where a single type of container is used at most businesses to collect garbage, recyclables, and organic waste. The other proposers offered recycling solutions that require multiple waste containers at each business customer location; these solutions place more burden on business customer staff to sort commercial waste material into the correct container for the recycling system to work correctly. A one-container system is the most convenient for businesses and requires the least amount of space and customer technical assistance. Allied also indicated that they would augment services as necessary to meet the needs of the business, including combining elements of the "One-Bin Plus", two-container, and three-container systems.

- *State-of-the-Art Facility* – Allied's infrastructure plans rely on using the existing Newby Island Resource Recovery Park (NIRRP) in San José to process all of the City's commercial waste and retrofitting this facility with all new waste processing equipment. Since Allied's proposal did not require building a new facility or increasing the total permitted capacity of an existing facility, evaluators felt most confident that Allied's facility would be operational by the start of service on July 1, 2012. A proposal with a completely integrated facility (such as Allied's NIRRP) results in a lower carbon footprint than a proposal requiring two recycling processing facilities (such as Recology's proposal) because all the material can be processed at one site, thus eliminating the need to haul different types of waste to multiple locations for processing. Further, an integrated facility with multiple waste processing lines can more easily tailor the waste processing process by the actual composition of each delivered load of waste, directing the material to the most appropriate equipment to extract the maximum amount of recyclable material; waste can also be easily reprocessed on different equipment in the NIRRP to capture more recyclable material, if needed. This approach is more difficult to implement if the waste is going to two separate recycling facilities as in the Recology proposal. Allied has also developed an extensive program at the NIRRP to recycle more challenging materials from the commercial sector, including use of densification equipment to recycle polystyrene foam. Finally, Allied offered the option of increasing the minimum program recycling requirement from 75% to 80% after Year Two of service at no additional cost.

- *Customer Service* - Allied's proposed approach includes one of the most comprehensive outreach and customer service plans. Specifically, the plan includes an advertising campaign, technical assistance to businesses, and community outreach through major San José events. Allied would retain a consultant to conduct waste audits for every business

needing this service. To facilitate maximum use by the business customer of the new system, Allied proposes to use an onboard Global Positioning System (GPS) tracking system to monitor and record each customer pickup, blocked carts, safety notes, and service exceptions.

- *Green Vision and Innovation* – The RFP requested proposals that furthered the Green Vision. The redesigned commercial collection system drives several City Green Vision goals. Allied's proposal further supports these goals with the following enhancements:
    - CNG Powered Collection Fleet: Allied proposes to purchase a new waste collection fleet fueled with compressed natural gas (CNG) and will evaluate the development of a facility to convert landfill gas to CNG. Allied will consider allowing City vehicles to use its CNG fueling station at a discounted rate and possibly making the station available for general public use.
    - Hybrid Collection Vehicles: Allied proposes to cooperate with providers of alternative vehicle fuel and electric technology to pilot collection vehicles prototypes.
    - Green Energy for Facility Operations: Allied plans to install photovoltaic and/or wind based energy generation devices on their facilities in the near future and will explore opportunities to collaborate with the City by installing photovoltaic panels at air-conditioned City facilities, thereby providing significantly greater electricity savings than if they are installed at the NIRRP. Allied is also finalizing plans to install roof-top and carport solar panels at the NIRRP to capture renewable energy sources to power recycling operations. Finally, Allied is pursuing the installation of wind turbines at the NIRRP to power hybrid street lamps. This would eliminate the need for the electrically-powered lamps currently in place.

Qualifications and Experience - 30%

The Qualification and Experience score represents 30% of the total proposal score and includes evaluation of experience providing similar services at similar scale, qualifications and structure of management team, and proposer/employer litigation history. Allied ranked as one of the two top proposers with the most experience. Allied is a subsidiary of Republic Services Inc., the nation's second largest non-hazardous solid waste and recycling company. As one of the largest recycling and waste haulers in San José, Allied currently provides solid waste, recycling, organics processing, and disposal services to over 3,500 San José commercial customers. Allied has more experience than any other hauler providing services in downtown San José, and has implemented model programming to achieve high diversion rates for large customers such as Adobe, HP Pavilion, and County of Santa Clara facilities. At Adobe, Allied provides a range of collection services, including food waste composting, recycling of paper, cans, bottles, and cardboard, which has allowed Adobe to achieve a remarkable 99% recycling rate.

Cost Proposal – 30%

The Cost Proposal score represents 30% of the total proposal score. In arriving at a score for this component, the Rating Panel compared revenue requirements (the majority of the cost score), reasonableness of costs, and cost-related exceptions to the exemplar franchise agreement. Allied

received the top two scores for their cost proposals. The total annual revenue requirement for the recommended "One-Bin Plus" program is $46.1 million and will result in lower commercial rates than proposals from other companies. Additional considerations regarding the cost proposal evaluation are discussed below.

Citywide Award Discount
All proposers were offered the opportunity to give discounts for anticipated costs savings should they be awarded both service districts, to recognize the economies of scale achieved if franchisee was awarded the entire City instead of one service district. Allied proposed a citywide award discount of 4% for all customer rates, or approximately $1,800,000 annually, which was the most offered by any proposer.

Fifteen-Year Term
The franchisees should also expect to see cost savings if awarded an agreement with a fifteen-year term, instead of the ten-year term originally proposed in the RFP (ten years with two possible extensions, up to a total of fifteen years). A longer term agreement allows for savings, as the franchisee can amortize vehicle and facility costs over a longer period of time, at more favorable loan rates. In addition to the citywide award discount discussed above, Allied has also offered savings of 2% of the annual revenue requirement (excluding City fees, and costs for organics processing and disposal), or approximately $500,000 annually. GreenCity also offered a 2% discount; Recology and Revolution offered a lower valued discount.

Annual Revenue Requirement and Customer Rates
Maximum customer rates may be adjusted annually during the fifteen-year term of the franchise agreement through a Council approval process. Most notably, in the third year of the agreement (and twice thereafter), a "true-up" will occur where necessary. These adjustments are made to ensure that the Collection Franchisee is compensated for changes in operating or capital expenses, as defined in the franchise agreement. The true-up limits adjustments to those impacts that the franchisee could not have reasonably foreseen and to certain elements that are not control, such as the number of customer accounts. Given this, proposals with higher annual revenue requirements pose a greater customer rate increase risk, should the annual revenue requirement not be met.

In evaluating the proposals, a principal area of concern was minimizing the risk of customer rate increases during the annual rate setting process set forth in the franchise agreement. For example, Allied's proposal offered mitigations that included the willingness to negotiate a lower cap on the maximum percentage adjustment during the rate adjustment process. Other proposers requested changes to the exemplar agreement which placed more risk on businesses. For example, Recology requested that the City eliminate most ceilings to rate adjustments in the exemplar agreement.

Impacts to Customer Rates.
It is anticipated that the majority of businesses should be paying rates similar to current rates (and in some cases lower), and rates should be consistent with what businesses are charged elsewhere in the Bay Area. However, due to the wide disparity in current rates

under the non-exclusive franchise system, the effect on rates will vary widely from business to business. To determine these anticipated rate effects, staff conducted an extensive analysis of current and projected rates. This included contracting with San José State University Research Foundation's Survey and Policy Research Institute (SPRI) to conduct a rate survey of the commercial sector. The results of this survey and staff's customer rate analysis are included in *Attachment D,*

Environmental Stewardship – 5%

The Environmental Stewardship score represents 5% of the total proposal score. The proposals were evaluated for their conformity with the City's Environmentally Preferable Environmental Procurement Policy and history of corporate environmental responsibility. As shown in Table 1 above, Allied's proposals were the two highest ranked for Environmental Stewardship.

Additional Proposal Enhancements Not Included in the Evaluation

In addition to the $5,000,000 per collection district in City Commercial Solid Waste Franchise Fees required under this proposed franchise, Allied has offered an additional $500,000 in annual franchise fees per collection district (or $1,000,000 for both districts annually) for the City's General Fund, for the term of the franchise agreement. Allied also agreed to work with the City on a methodology to evaluate customer rates within six months of initial service, to identify and potentially mitigate significant increases to customer rates for specific service levels. Lastly, Allied agreed to negotiate in good faith with the City and ZWED to develop an integrated commercial organics handling system that achieves the lowest cost for the ratepayers while meeting waste diversion and energy conversion goals.

Organics Processing Evaluation

Organics Processing Evaluation - Overall Results

Table 2 below shows the final evaluation scoring results for the Organics Processing proposals. The RFP did not specify technology required to process the commercial organic waste. The City received proposals to process through composting and anaerobic digestion (AD). The Technical Advisory Team compared costs on a per ton basis. Table 2 below shows the total scores for all proposals and ranks the scores for each technology.

Organics Processing RFP
Table 2- Evaluation Summary of Top Citywide Proposals from Each Qualified Vendor

RFP 09-10-11 Evaluation Summary							
	Vendor:	ZWED 15 Year Term		Republic 15 Year Term			Recology 15 Year Term
Evaluation Criteria	Proposal:	AD	Compost	AD EBMUD	AD NIRRP	Compost	Compost
1. Proposed $ per Ton		$66.38	$66.86	$66.97	$78.35	$47.95	$64.60
2. Proposal Evaluation	Points Possible	Scores		Scores			Scores
a. Qualifications and Experience Average	25	14.8	20.1	10.8	9.5	18.4	18.9
b. Technical Proposal Average	30	21.6	21.0	14.9	14.0	20.8	22.2
c. Environmental Stewardship Average	5	4.2	4.2	2.8	2.8	2.8	3.5
d. Local Business Average	5	5.0	5.0	0.0	0.0	0.0	0.0
e. Small Business Average	5	5.0	5.0	0.0	0.0	0.0	0.0
f. Cost Proposal	30	22.8	21.6	22.3	19.3	26.7	22.1
Evaluation Total Score:	100	73.4	77.0	50.9	45.7	68.7	66.7
Ranking:		1 AD	1 Compost	2 AD	3 AD	2 Compost	3 Compost

ZWED's compost proposal received the highest overall score and ZWED's anaerobic digestion proposal was ranked second overall. Staff recommends ZWED's anaerobic digestion system because it would enable the development of new processing technology at a lower cost than ZWED's composting option. Additionally, ZWED's strong composting proposal will serve as a contingency option as the new anaerobic digestion facility is phased into operation. A detailed discussion of the criteria scoring follows, including highlights from ZWED's top-ranked proposals.

Technical Proposal – 30%

The Technical Proposal score represents 30% of the total proposal score. The Technical proposal is based on consideration of the ability to meet transition schedule, technical and environmental innovation, ability to further Green Vision goals, and mitigation of environmental impacts from operations and facilities. ZWED's anaerobic digestion proposal is recommended for the following reasons:

- *Anaerobic Digestion versus Composting* – All three of the proposed composting systems and ZWED's anaerobic digestion proposal scored similarly, with less than a point and a half separating the four proposals. Both anaerobic digestion and composting can divert much of the food waste and other organics that are currently going to landfill. Key considerations leading staff to recommend the ZWED anaerobic digestion proposal are highlighted below.
    - Renewable Energy: Unlike composting, anaerobic digestion can capture methane gas from organic waste and convert it into gas, which can be converted into electric power or vehicle fuel. ZWED's proposed anaerobic digestion facility could potentially provide a source of local energy for operations at the nearby San José/Santa Clara Water Pollution Control Plant or could be converted to CNG fuel for collection trucks. This supports Green Vision goals for waste-to-energy and renewable energy production.
    - Green Technology Innovation: As compared to composting, anaerobic digestion is a more innovative technology that will serve as a model for green technology development in San José. ZWED's proposed "dry fermentation" technology has been used to process similar waste streams in Europe and will be the first unit of its kind in the United States. ZWED has presented a very competitive cost proposal that gives the City the opportunity to develop anaerobic digestion technology in San José and demonstrate the City's national leadership in renewable energy.
    - Odor and Greenhouse Gas Reductions: Anaerobic digestion can also be a valuable pre-processing step before composting that reduces odors and greenhouse gasses from the initial food processing stages. Odor and permitting challenges created by population pressures and new regulations increasingly threaten composting operations, so it is important for San José to develop enclosed processing options such as anaerobic digestion to mitigate future processing risks. Further, the ZWED anaerobic digestion option proposes to processes the organic material within the City of San José, reducing vehicle emissions caused by trucking this material outside the City limits, as required in the Recology proposal. The ZWED Anaerobic Digestion Facility borders the Allied Recycling Facility, further minimizing the need for organic waste hauling.

- *Organics Processing Plan* – The ZWED proposal would generate energy through a European dry fermentation anaerobic digestion process, followed by in-vessel composting. The resulting compost will be marketed to landscape and construction customers as a soil amendment for soil restoration, erosion control, and water conservation.

- *Facility Readiness / Contingency* - ZWED's anaerobic digestion/composting facility will be sited on approximately 40 acres of the City's Nine Par closed landfill site, adjacent to the San José/Santa Clara Water Pollution Control Plant and directly between two processing operations already owned by ZWED sister-company, Zanker. While the preparation for the new facility has been aggressive, ZWED also has a strong

contingency plan to process material at their Z-Best composting site if needed. This contingency received a full evaluation as part of ZWED's composting proposal and was the highest ranked proposal overall.

Qualifications and Experience - 25%

The Qualification and Experience score represents 25% of the total proposal score. The Rating Panel evaluated the proposers' experience providing similar services at similar scale, qualifications and structure of management team, and proposer/employer litigation history. ZWED's composting proposal ranked first in Qualification and Experience, while ZWED's anaerobic proposal ranked lower due to its relatively new technology. Highlights from ZWED's proposal that factored into its high score are detailed below.

- *ZWED Partner Experience* –ZWED is a newly formed company, as a partnership between Zanker Road Resource Recovery (Zanker) and GreenWaste Recovery (GreenWaste). Zanker and GreenWaste collectively have over 25 years of local organics processing experience and critical experience with technology and infrastructure innovation. Zanker provides organics processing services throughout the Bay Area and owns Z-Best, one of the largest composting facilities in Northern California. GreenWaste processes food waste, single-stream recyclables, yard waste, construction and demolition debris, and sorts organic materials and recyclables from municipal solid waste at its 96,000 square foot materials recovery facility (MRF) in San José. Of all the proposers, ZWED's partners have the most applicable experience with diversion of organic waste at the contamination levels that could be expected in the commercial system.

- *Material Marketing Experience* - ZWED's facility Z-Best has extensive experience marketing products for agriculture, landscaping, construction sites, golf courses, and municipal sites. Z-Best has sold over 100,000 tons of compost annually since 2003, making it a leading seller of compost in the State. Like the compost produced from the organic waste sorted from municipal solid waste at the GreenWaste materials recovery facility, the compost produced from ZWED's anaerobic digestion system will be marketed to landscape and construction customers.

Cost Proposal – 30%

The Cost Proposal score represents 30% of the total proposal score. Factors considered include a comparison of revenue requirements (the majority of the cost score), reasonableness of costs, and cost-related exceptions to the RFP exemplar agreement. ZWED's anaerobic digestion proposal was the highest ranked proposal. At the per ton rate of $66.38, the total annual costs for ZWED's anaerobic digestion proposal is estimated to be approximately $4.4 million, or about 10% of the total commercial solid waste system costs. ZWED also offered a discount on the per ton rate (3%) for amortization savings for a set fifteen-year term.

Environmental Stewardship – 5%

The Environmental Stewardship score represents 5% of the total proposal score and is made up

of sub-criteria scores for support of the City's Environmentally Preferable Environmental Procurement Policy and history of corporate environmental responsibility. As shown in Table 2 above, ZWED's proposals were the two highest ranked for Environmental Stewardship.

Local and Small Business Preferences – 10%

The Local and Small Business Preferences each represent 5% of the total proposal score (10% total). ZWED was the only proposer to apply for either of these preferences and qualified for both the Local and Small Business Preferences.

Maximizing Benefits of the Proposed Service Model

During the negotiation process, the City will work with the recommended service providers to define the details of agreements based on the full contents of their proposals (including clarifications received during the procurement process). Although exemplar agreements were included in both RFPs, many details of the agreements could not be outlined prior to knowing the contents of the two recommended proposals. With the known systems for collection and processing, negotiations can focus on maximizing potential synergies from the two service providers working together. The following key considerations will be highlighted during negotiations:

- *Memoranda of Understanding* – Governs City and Contractor/Franchisee preparation activities and timeline prior to July 1, 2012, to ensure a successful transition to the new commercial system. The memoranda will be brought to Council in June for approval.
- *Contingency Planning* – Ensure adequate preparations are made so that all processing facilities are ready for operation on July 1, 2012, and, in the event that they are not, have provisions for contingency processing services and access to other corporate resources for contingency collection services.
- *Service Integration* – Assist in coordination between Allied and ZWED to enhance material handling and processing options to reduce the carbon footprint of both operations (e.g., back-gate entry from Allied's recycling facility to the ZWED facility).
- *Waste Diversion Planning* – Assist in coordination between Allied and ZWED to develop a plan that leverages the best of both agreements to support system-wide diversion goals.

Additional detail to be included in the final negotiated agreement is included in *Attachment C: Scope of Collection Franchise and Organics Processing Agreements*.

Transition

Beginning in July 2011, the Collection Franchise and Organics Processing agreements will initiate the new service transition process. There are several large capital projects which need to be completed before service start, including procuring approximately fifty new solid waste collection vehicles; developing a new CNG fueling station; procuring, installing, and testing new recyclables processing equipment; procuring and distributing new solid waste collection containers; establishing new accounts on the billing and customer service work order tracking

system; and completing construction on the new ZWED anaerobic digestion facility. Concurrent with the equipment and facility projects, the new Collection Franchisee will complete extensive customer outreach to ensure all businesses have been updated on the new system and have subscribed to an appropriate level of service.

Protests

On February 4, the Finance Department issued a Notice of Intended Award for this RFP process and notified proposers of the process to protest the recommendation. Three protests were received by the February 14 due date; two from Recology (one for the Organics Processing RFP and one for the Collection Franchise RFP) and one from Revolution for the Collection Franchise RFP. During the first week of March, the City's Purchasing Officer reviewed these protests and notified the proposers of his decision to uphold the original recommendations as reflected on the Notice of Intended Award. The protests and City responses are included in *Attachment E: RFP Protests and Responses*. The protesting firms were notified of their right to appeal this decision to the City Clerk and to request a Council hearing within ten days of the Purchasing Officer's determination.

EVALUATION AND FOLLOW-UP

Recommendation to approve these agreements is planned to go to Council in late June 2011 to provide the new service providers a full twelve months to mobilize for a July 2012 service start date.

Concurrently with the contract negotiation process, staff will engage City consultant David J. Powers and Associates to complete the CEQA review of the commercial solid waste services to be provided by the recommended proposers. Given that the facilities proposed to be used by the recommended service providers will have completed, or are in the process of completing environmental review, staff anticipates that the CEQA clearance required by Council to approve agreements would be completed by June 2011.

POLICY ALTERNATIVES

***Alternative #1*:** Award Two Franchises to Different Proposers.
As an alternative to awarding a single citywide franchise for commercial solid waste and recyclables processing, award two separate franchises to the two highest ranking proposers.
Pros: This alternative would 1) provide contingency in the event the other franchisee is unable to perform; 2) encourages competition between service provides; and 3) enables more businesses to operate in San José.
Cons: The granting of franchises to two companies would 1) result in a nearly 5% higher service cost to businesses due to fewer economies of scale; and 2) result in different customer rates, services, and outreach between the North and South Collection Districts.
Reason for Not Recommending: Allied's citywide proposal is the most cost effective option for

businesses. Both Allied and ZWED also have other operations in the region and in the event either was unable to perform, could leverage staffing, equipment, and infrastructure from those locations. Finally, other companies continue to have opportunity to do business in San José or already provide significant solid waste services to other jurisdictions in the Bay Area. Specifically, the principals of GreenCity own and operate GreenWaste Recovery and Garden City Sanitation and will operate ZWED. Both of these companies were just awarded new eleven-year service contracts for City residential solid waste services to 2021 and are compensated approximately $45 million annually for the service. Finally, the evaluation panel rated Allied's proposal the highest and a Citywide award would provide the benefit of this proposal to all business customers.

Alternative #2: Ten-Year Agreement Term with Optional Extensions.
As an alternative to a fixed fifteen-year term, the franchise agreements could be structured so that only a ten-year term is guaranteed and the City would reserve the right to not extend for an optional five years.
Pros: This alternative gives the City the ability to opt-out of the agreement earlier.
Cons: A shorter term would result in 1) higher service cost due to a shorter guaranteed time period to amortize costs of equipment and facilities; and 2) more frequent procurement and transition processes which burdens customers and City resources.
Reason for Not Recommending: The benefit of a lower service cost to business customers outweighs the benefits of having a shorter term agreement. Concerns about ensuring performance in a longer-term agreement could be mitigated by adding stronger performance standards in the agreement to which the contractor/franchisee must adhere.

Alternative #3: Reject All Proposals and Maintain Status Quo.
Reject all proposals and maintain current non-exclusive system.
Pros: The alternative of maintaining a non-exclusive system would mean current franchisees and future companies can continue to provide commercial solid waste services in San José.
Cons: Maintaining the status quo means businesses will continue to experience disparity in their quality and cost of service and there is less incentive for private sector investment in infrastructure.
Reason for Not Recommending: For the City to reach its Zero Waste goals by 2022, there must be greater diversion of commercial solid waste from landfills. While additional diversion requirements could be adopted for existing franchisees, due to the disparity in technical capacity of most of the haulers, it would be difficult to achieve a uniform performance standard. Moreover, most existing haulers would not be able to pay a fixed franchise fee, which is necessary to stabilize this revenue base, without a guarantee of a certain number of customers. Finally, an exclusive franchise benefits the City by providing the haulers with an incentive to invest in new "green" collection vehicles, establish renewable energy infrastructure, and create additional green recycling jobs through increased recycling operations at Allied and ZWED facilities.

PUBLIC OUTREACH/INTEREST

✔ **Criteria 1**: Requires Council action on the use of public funds equal to $1 million or greater. **(Required: Website Posting)**

❑ **Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**

❑ **Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

Staff conducted an extensive stakeholder engagement process starting in January 2008; see *Attachment A: Stakeholder Engagement Process* for more details. These efforts included in-person interviews, presentations, media outreach, and an on-line survey. The outreach was conducted in partnership with the Office of Economic Development, the Department of Planning, Building and Code Enforcement, the San José Redevelopment Agency, existing commercial haulers, individual businesses, and business associations. Staff engaged business districts and associations, chambers of commerce, business and non-profit leadership groups, and others during the process.

On-going efforts to inform the business community of the commercial system redesign have included updates mailed to the 20,000 commercial businesses in the City's business tax database, on-going meetings with current commercial haulers, a presentation at the Chamber of Commerce, and contacts with each of the neighborhood business districts, Silicon Valley Leadership Group, and Sustainable Silicon Valley.

The policy decision to redesign the commercial solid waste system and issue an RFP was a Public Outreach Criteria 3-level decision that Council made on March 24, 2009. The recommendation in this memorandum implements the policy decision made in 2009.

COORDINATION

This memorandum was coordinated with the Department of Public Works/Office of Equality Assurance, the City Attorney's Office, the Office of Economic Development, and the City Manager's Budget Office.

COST SUMMARY/IMPLICATIONS

Beginning in July 2012, the Commercial Solid Waste Collection Franchisee would bill the commercial, industrial, and institutional customers for commercial solid waste collection and processing services. From this revenue, the Franchisee must remit to the City: $11 million in

Commercial Solid Waste Franchise Fees (General Fund); an estimated $4.2 million in AB939 Fees collected from customers (Fund 423 – Integrated Waste Management); and approximately $4 million for Organics Processing costs.

CEQA

CEQA: Not a Project, File No. PP10-066(e), e. Services that involve no physical changes to the environment.

/s/	/s/
JOHN STUFFLEBEAN	SCOTT P. JOHNSON
Director, Environmental Services	Director, Finance Department

For questions regarding the procurement process please contact Mark Giovannetti, Chief Purchasing Officer, at 408/535-7052 and for questions regarding the Commercial Solid Waste Program, please contact Jo Zientek, Deputy Director, Integrated Waste Management Division, at 408/535-8557.

Attachments:
A - Stakeholder Engagement Process
B - RFP Evaluation Process
C - Scope of Collection Franchise and Organics Processing Agreements
D - Impacts to Customer Rates
E - RFP Protests and Responses

ATTACHMENT A: STAKEHOLDER ENGAGEMENT PROCESS

Staff has conducted an extensive outreach engagement process since January 2008. These efforts include in-person interviews, presentations, media outreach, and an on-line survey. Staff has engaged with business districts and associations, chambers of commerce, business and non-profit leadership groups, and others during this process. Outreach was conducted in partnership with the Office of Economic Development, the Department of Planning, Building and Code Enforcement, the San José Redevelopment Agency, existing commercial haulers, individual businesses, and business associations.

The outreach campaign consisted of two phases. The goal of Phase-One was to gather information that would assist staff in evaluating system options. This primary research yielded input from a wide representation of businesses, including non-profits, schools, and churches. Information was collected about current business recycling programs, barriers to recycling, and input on potential changes to the collection system. The goal of Phase-Two outreach efforts, completed between June and July 2008, was to communicate to the business community and haulers the results of the survey and staff recommendations for a geographic, district-based, exclusive commercial system. Staff also held individual meetings with businesses that had expressed concerns about an exclusive system, as well as with each of the interested franchised haulers.

Phase-One - Proposal Research

- Online Survey - An online survey on the City's Environmental Services webpage was made available during the period of February 8 to April 17, 2008. More than 500 business customers responded to the survey. This survey was advertised through a multi-lingual direct mail postcard sent to 20,000 businesses and advertisements in the San José Business Journal. In addition, over 25 business associations were personally invited to participate in the survey.
- Presentations – City staff provided a presentation to explain the evaluation process and provide an opportunity for feedback on the current garbage and recycling system to multiple business and industry organizations.
- Case Study Interviews – Staff conducted twenty-two individual interviews with facility managers or other representatives from the following industries: restaurants, hotels, retail, office, high-tech, entertainment, education, and health care.
- Solid Waste Industry – Staff also engaged with the current franchised haulers for input on the current system, barriers to increased recycling, and reaction to the redesign options. The four largest haulers, with 85% of the commercial accounts, as well as other interested haulers took part in case-study interviews and completed a survey. Staff also conducted an information meeting for all haulers that included an overview of the current system, the Zero Waste and Green Vision goals, and a summary of the commercial evaluation process.

Phase-Two - Proposal Evaluation

This phase was focused on educating businesses about the evaluation process, the benefits of an exclusive system, and addressing concerns identified in the survey process.

- Presentations – Staff presented the survey results and proposed recommendations to the Silicon Valley Leadership Group, Joint Venture Silicon Valley, Silicon Valley Chamber of Commerce, and the Construction Roundtable.
- One-on-One Interviews – Staff conducted follow-up conversations with businesses that expressed concern during the first phase of outreach. These businesses were presented with data from the waste characterization study and the survey results. The information gave them a general understanding of the City's desire to pursue an exclusive system. Many of the businesses initially opposed to the idea of an exclusive system were more supportive after receiving the data, survey information, and learning about benefits the new system could provide.

When presented with the proposed concept of a district-based exclusive system, the four largest haulers and some of the smaller haulers were supportive of the concept. The smaller haulers who mostly deal with drop box and/or construction and demolition (C&D) debris were generally opposed to an exclusive system that included C&D collection because it would likely eliminate their ability to do business in San José. As a result, staff re-evaluated the proposal and C&D collection is no longer included. All of the haulers expressed an interest in the City procuring processing capacity to allow more haulers the ability to compete in the selection process. Many also requested that the City procure disposal capacity.

On-Going Outreach

Since September 16, 2008, when Council directed staff to proceed with new system development, staff has continued its outreach efforts. On-going education efforts include:

- Regular direct mail updates to the 20,000 commercial businesses in the City's business tax database.
- Regular electronic updates to over 200 businesses who have signed up for e-mail updates
- On-going meetings with the current commercial haulers and recycling industry professionals to help develop the scope and requirements of the RFP,
- Presentations to business groups and organizations including:
    - Seminar hosted by the San José Silicon Valley Chamber of Commerce
    - Neighborhood Business District Presidents' meeting held by San José Redevelopment Agency (SJRDA).
    - Event booths at BusinessOwnerSpace.com, Hispanic Chamber of Commerce, and West Coast Green Conference
    - Presentations to property management companies
    - Contacts with each of the neighborhood business districts, Silicon Valley Leadership Group, and Sustainable Silicon Valley

ATTACHMENT B: EVALUATION PROCESS

This report of the evaluation process for the procurement of new commercial solid waste collection and organics processing services into organized in three parts:

- Section I: RFP Evaluation Process – A description of the overall evaluation process, rating panel, and scoring criteria used for the two RFPs.
- Section II: Cost Evaluation – A detailed description of the independent cost evaluation process.
- Section III: Procurement Process Guidelines – A copy of the guidelines, approved by Purchasing and the Executive Steering Committee that governed the evaluation process for the two RFPs.

SECTION I: RFP EVALUATION PROCESS

Collection Franchise RFP Evaluation Process

The evaluation of the Collection Franchise proposals was done in accordance with the process prescribed in Section 14 Review Process and Evaluation Criteria of the Collection Franchise RFP and in conformance with City policy. In preparation for the proposal evaluation, a six-member Collection Franchise RFP Rating Panel was established. The panel consisted of staff from the cities of San José and Palo Alto (where a new commercial waste system recently became operational), as well as a member of the San José Downtown Association (SJDA).

Through meetings, RFP addenda, and clarification requests, the City worked with proposers to ensure their questions about the RFP were answered and they had every reasonable opportunity to submit responsive proposals. A mandatory pre-proposal conference and an optional cost form work session gave proposers the opportunity to ask direct questions of the Technical Advisory Team and staff. Proposers were able to submit written questions, through BidSync.com, and receive answers in the multiple addenda released prior to the RFP submittal deadline.

Qualifying Proposals

The City received responsive proposals for the Collection Franchise RFP from five companies:

Allied Waste Services of North America, LLC, San José, CA Dba Allied Waste Services of Santa Clara County, a wholly owned subsidiary of Republic Services, Inc., a Delaware corporation headquartered in Phoenix, AZ.
California Waste Solutions Inc., San José, CA A privately held California corporation.

GreenCity Recovery of San José, LLC, San José, CA A limited liability company comprised of GreenWaste Recovery, Inc., a California corporation, and Garden City Sanitation, Inc., a California corporation.
Recology Silicon Valley, San José, CA Dba Recology South Bay, a wholly owned subsidiary of Recology (formerly Norcal Waste Systems), a California corporation headquartered in San Francisco, CA.
Revolution Resource Recovery LLC, San José, CA A California limited liability company.

While only five companies responded, there were multiple proposals due to the following:

- Proposer's responding to the Collection RFP were required to submit proposals for four required options, two each for the three-container system (North and South Districts) and two for the two-container system (North and South Districts).
- Each proposal option was based on the required ten-year term, and the proposer's choice of fuel. Two proposers, Allied and Recology, chose to propose alternative technical proposals for "One Bin Plus" and "Hybrid" systems (North and South Districts), respectively, in addition to the four required proposals. Thus the five proposers initially submitted a total of 24 proposal options, four each from CWS, GreenCity and Revolution Resource, and six each from Allied and Recology.
- Since CWS and Recology chose to offer proposals which included biodiesel as the base fuel and the City requested all proposers to submit proposals using CNG as a base fuel, CWS' and Recology's CNG options resulted in submittal of an additional 16 proposal options, bringing the total to 40 proposal options.
- Finally, by addenda, the City required that proposers submit information regarding how their proposed ten-year costs and rate revenues would be affected by award of a fifteen-year term.

In the end, there were a total of 80 proposal options reflecting all technical and cost scenarios for the rating panel to evaluate.

Technical Evaluation Process

The Rating Panel evaluated and scored the separate collection options submitted by the five proposers, with support from a Technical Advisory Team comprised of consultants, City staff, and a member from the Building Owners and Management Association. The Rating Panel evaluated only the technical aspects of each proposal and completed all scoring without access to cost proposal information. The Rating Panel evaluation was based on the 40, ten-year proposal options with the same technical scores applied to the comparable 15-year options. The combined district (citywide) technical scores were created by averaging the technical scores assigned to each of the two component districts. With the Purchasing Officer present, the Rating Panel met five times during a ten-week

period to discuss criteria evaluation and technical proposals and to participate in oral interviews with proposers.

Collection Franchise RFP Score Criteria

The following is a summary of the evaluation criteria and weighting for the Collection Franchise RFP.

- Qualifications & Experience (30%) - Experience providing similar services at similar scale, qualifications and structure of management team, proposer/employer litigation history.
- Technical Proposal (35%) - Customer service and outreach; ease of system for customer; meet transition schedule, technical and environmental innovation, further Green Vision Goals, environmental impacts from operations and facilities.
- Environmental Stewardship (5%) - Support of City Environmentally Preferable Procurement Policy, history of corporate environmental responsibility.
- Cost Proposal (30%) - Comparison of revenue requirements (majority of cost score), reasonableness of costs and cost-related exceptions to RFP exemplar agreement.

Timeline from RFP Release to Final Review of Submittals

During the review process, multiple clarification requests from Rating Panelists and the Technical Advisory Team were sent to the proposers, ensuring that the proposers' submitted documents accurately reflected their proposed systems of solid waste collection and processing and were responsive to the goals of the RFP, and the Rating Panel formed an accurate understanding of the intent of each proposal. Toward the end of the review period, all five proposers participated in oral interviews wherein they presented a 30-minute presentation addressing questions and topics written by the Rating Panel and the Technical Advisory Team which were sent to the proposers a week prior to the interview. During the second half of the one-hour oral interview appointments, proposers answered questions directly asked of them by the Rating Panel.

Collection Franchise RFP Evaluation Process – Key Dates

Date	**Action**
April 16, 2010	Collection RFP Released
April 22, 2010	Addendum #1 Released
April 30, 2010	Addendum #2 Released
May 3, 2010	Addendum #3 Released
May 21, 2010	Addendum #4 Released
May 27, 2010	Mandatory Pre-proposal Conference
May 28, 2010	Addendum #5 Released
June 9, 2010	Addendum #6 Released
June 11, 2010	Addendum #7 Released
June 18, 2010	Addendum #8 Released
June 25, 2010	Addendum #9 Released

Collection Franchise RFP Evaluation Process – Key Dates

Date	Action
June 30, 2010	Optional Cost Form Work Session
July 8, 2010	Addendum #10 Released
July 12, 2010	Addendum #11 Released
July 20, 2010	Addendum #12 Released
August 9, 2010	Addendum #13 Released
August 18, 2010	Addendum #14 Released
August 20, 2010	Addendum #15 Released
September 3, 2010	Addendum #16 Released
September 14, 2010	Addendum #17 Released
September 22, 2010	Proposal Submittal Deadline
October 4, 2010	Rating Panel Meeting #1
November 10, 2010	Rating Panel Meeting #2
December 1, 2010	Oral Interviews – Day 1
December 3, 2010	Oral Interviews – Day 2

Organics Processing RFP Evaluation Process

The evaluation of the Organics Processing proposals was done in accordance with the process prescribed in Section 15 Review Process and Evaluation Criteria of the Organics Processing RFP and in conformance with City policy. In preparation for proposal evaluation, a five-member Organics Processing RFP Rating Panel was established, including raters from the cities of Morgan Hill, Palo Alto, and San José. Raters applied subject matter expertise to review of the Organics Processing proposals, with support from the Technical Advisory Team who gave several technical presentations on topics such as anaerobic digestion and conversion technology. The presentations provided raters with a uniform background of information and enabled them to apply a balanced perspective in their review of all proposals.

Qualifying Proposals

The City received responsive proposals for the Organics Processing RFP from three companies:

Recology Pacheco Pass, Gilroy, CA A wholly owned subsidiary of Recology, a California corporation headquartered in San Francisco, CA.
Republic Services Newby Island Resource Recovery Park, Milpitas, CA Dba Browning-Ferris Industries of California, Inc., a California corporation owned and operated by Republic Services, Inc., a Delaware corporation headquartered in Phoenix, AZ.
Zero Waste Energy Development Company, San José, CA A California limited liability company created by the founders and owners of GreenWaste Recovery Inc., a California corporation, and Zanker Road Resource Management, Ltd., a California limited partnership.

The Rating Panel evaluated only the technical aspects of each proposal and completed all option scoring without access to cost information. The Organics Processing Rating Panel met four times during a six-week period, in order to discuss criteria evaluation and technical proposals with purchasing staff present, as well as to participate in oral interview meetings with proposers.

Organics Processing RFP Score Criteria

The following is a summary of the evaluation criteria and weighting established for the Organics Processing RFP.

- Qualifications & Experience (25%) - Experience providing similar services at similar scale, qualifications and structure of management team, proposer/employer litigation history.
- Technical Proposal (30%) - Meet transition schedule; technical and environmental innovation, further Green Vision Goals, environmental impacts from operations and facilities.
- Environmental Stewardship (5%) - Support of City Environmentally Preferable Procurement Policy, history of corporate environmental responsibility.
- Cost Proposal (30%) - Processing cost per ton (majority of cost score), reasonableness of processing cost and cost-related exceptions to the RFP exemplar agreement.
- Local and Small Business Preference (5% and 5%) - To be eligible for local and/or small business preference, the proposer must submit the required Local and Small Business Enterprise Preference Request and conform to the requirements provided in Chapter 4.12 of the San José Municipal Code.

Organics Processing RFP Evaluation Process – Key Dates

Date	**Action**
February 4, 2010	Organics Processing RFP Released
February 11, 2010	Non-mandatory pre-proposal conference
February 22, 2010	Addendum #1 Released
February 25, 2010	Addendum #2 Released
March 2, 2010	Addendum #3 Released
March 5, 2010	RFP Q&A Deadline
March 15, 2010	Addendum #4 Released
March 25, 2010	Addendum #5 Released
April 5, 2010	Addendum #6 Released
April 16, 2010	Proposal Submittal Deadline
June 2, 2010	Rating Panel Meeting #1
June 16, 2010	Rating Panel Meeting #2
June 28, 2010	Rating Panel Meeting #3
July 13, 2010	Oral Interviews

SECTION II: COST EVALUATION

Proposers responding to the Collection Franchise RFP provided detailed pricing information by submitting the Cost Forms required by the RFP. Proposers were required to submit a separate set of Cost Forms for each of their proposal options. By addenda, the City required that proposers submit information regarding how their proposed ten-year costs and rate revenues would be affected by award of a fifteen-year term and both sets of cost forms were fully evaluated. There were a total of 80 proposal options reflecting all technical and cost scenarios for the ten and fifteen year terms. Over the course of the evaluation process, the Cost Forms were modified by the Technical Advisory Team as necessary to reflect proposer responses to various clarifying questions asked by the City.

In accordance with the Procurement Process Guidelines (Attachment B, Section III), the cost proposals were evaluated separately from the technical proposals by an independent reviewer. The results of the cost proposal review were not shared with the reviewers of the technical proposals until their scores were received by Purchasing, so that the technical review would not be influenced by the cost review. Final Rating Panel recommendations, based on the combined technical and cost scores, were presented to the Executive Steering Committee. As described in proceeding sections, there were four sub-criteria for the evaluation and scoring of the cost proposals for both RFPs.

Collection Franchise RFP Cost Proposal Evaluation

Each of the 40 ten-year proposal options and each of the 40 fifteen-year proposal options were compared, including the annual costs of all three container options.

Key Elements of the Proposed Collection System:

- Represents approximately 90% of total system costs
- Fifteen-year term
- Combined service district award
- Costs do not fully address transport of organics/wet material to processor

Evaluation Sub-Criteria

Each sub-criterion has a weight and rating that were multiplied to get a total score for the Cost Proposal. The sub-criteria are as follows:

- Comparison of Revenue Requirements - A relative comparison of cost for all proposals was performed. Net costs equaled per-ton processing fees, net of recovered materials sales revenue, and energy sales revenue or benefit (e.g., energy that displaces energy from current sources, whether or not there is derived revenue).

- Comparison of Revenue Requirements Relative to Like Proposals - Relative comparison of total proposed revenue requirements for all services (excluding disposal and disposal–related transfer) for like proposals. Like proposals were compared as part of the evaluation process (for example, all the two-container

proposals were compared to each other).

- Reasonableness and Predictability of Costs - This sub-criterion has two parts with equal relative weight: 1) Reasonableness and predictability of each proposal's proposed costs to other like proposals (three-container and two-container) and to industry standards. 2) The degree to which proposed rate revenues are supported by the costs and reasonable related assumptions.

- Cost-Related Exceptions to Contract - Higher scores were applied to proposals with minimal or no cost or cost-related exceptions that could significantly impact the City's ability to successfully negotiate a contract within the required timeframe

Organics Processing RFP Cost Evaluation

Each of the 16 ten-year proposal options and each of the 16 fifteen-year proposal options were compared. Within the ten year and fifteen year sets of proposal options, the annual costs of all composting options were compared and the annual costs of all anaerobic digestion proposal options were compared.

Costs focused on cost per ton for transfer, pre-processing, and processing. Proposers submitted a separate set of costs for each of their technical proposal options. This resulted in a total of six cost forms submitted by the three proposers, with costs per ton for 16 distinct options by the various technology and container options.

Key Elements of the Proposed Organics Processing System:

- Represents approximately 10% of total system costs
- Fifteen-year term
- Transfer costs were included in total costs
- One provider citywide

Evaluation Sub-criteria

- Net Unit Processing Cost per Ton - A relative comparison of cost for all proposals was performed. Net costs equaled per-ton processing fees, net of recovered materials sales revenue, and energy sales revenue or benefit (e.g. energy that displaces energy from current sources, whether or not there is derived revenue.)

- Net Unit Processing Cost per Ton Relative to Like Proposals - Relative comparison of cost for "like proposals" refers to comparison between non energy-producing and between energy-producing proposals, or proposals to process the same organic stream. Net costs equaled per-ton processing fees, net of recovered materials, sales revenue, and energy sales revenue or benefit (e.g. energy that displaces energy from current sources, whether or not there is derived revenue).

- Reasonableness and Predictability of Net Unit Processing Costs - Scores addressed reasonableness and predictability of each proposal to each other and to industry standards.

- Cost-Related Exceptions to Contract - Higher scores were applied to proposals with minimal or no cost or cost-related exceptions that could significantly impact negotiations.

SECTION III: PROCUREMENT PROCESS GUIDELINES

Commercial Redesign Procurement
Executive Steering Committee Procurement Guidelines
Final Draft Revised September 17, 2010

The following guidelines capture the updated decisions by staff managing the procurement process. This revision reflects the completion of the Organics Processing evaluation and the pending receipt of the Collection Franchise proposals. The objectives in developing the following key assumptions, evaluation roles, and milestone activities are to: 1) Meet the requirements of Sections 15 of each RFP, 2) Simplify the process as much as feasible, 3) Use other proven processes as models, and 4) Base forms and evaluation tools on materials used successfully for the residential "Recycle Plus" procurement.

Key Evaluation Process Assumptions

Three-Step Process

1. Standalone evaluation and scoring of the Organics Processing proposals
2. Standalone evaluation and scoring of the Collection Franchise proposals
3. Identify "system combinations" with consideration of options based on the two completed sets of proposal scorings and compatibility factors for "mixing and matching"

Two Rating Panels - The first Rating Panel conducted a standalone evaluation and rating of the Organics Processing proposals. The Rating Panel for Organics Processing reflected City and non-City experience and expertise with facility development, financing, and CEQA processes. The second Rating Panel will conduct a standalone evaluation and rating of the Collection Franchise proposals.

Specialized Technical Advisory Team - Purchasing and/or ESD will distribute each proposal or specific areas of each proposal to Technical Advisory Team members, based on their role and area of expertise. The team will develop and distribute supporting documentation, such as summaries of addenda, for use by the Rating Panel, the Technical Advisory Team and, for the collection and recyclables processing evaluation.

Continuity of Membership - It is desirable, but not crucial for one or more members of the first Rating Panel to also be members of the second Rating Panel. One ESD staff person will be on both panels. Rating Panel and Technical Advisory Team membership will not overlap.

Confidentiality - Purchasing, with ESD assistance as requested, will coordinate with all members of the evaluating bodies, to ensure members sign all necessary forms for confidentiality prior to receiving materials and/or attending meetings.

Process Documentation - Summary minutes, a detailed timeline, and other process documents will be maintained for potential distribution to City senior management staff, subject to confidentiality requirements. Such process documentation will help ensure process integrity.

Approved Sub-Criteria - The Executive Steering Committee will approve sub-criteria and weights for each set of proposals prior to receipt of the applicable proposals. The Executive Steering Committee may provide additional direction regarding application of the criteria. The Technical Advisory Team and Rating Panels will be provided guidance for interpreting how the sub-criteria are to be applied, to ensure that sub-criteria are applied uniformly. Technical Advisory Team members will be a resource to the Rating Panels in ensuring uniform and consistent application of the sub-criteria. The scores from each rating process and the pricing will be entered into a model to allow identification of multiple combinations that yield the highest total system score and best meet City needs.

Initial Screening for Organics Processing - Technical Advisory Team members provided a high level initial feasibility analysis for all Organics Processing proposals to identify any overriding issues relative to: 1) Feasibility of proposed technology, 2) Probability of proposed facility availability on July 1, 2012 (or availability at the tonnage level proposed), and 3) Inclusion of a viable financing plan. The initial feasibility analysis was used by the core team of ESD staff and consultants to determine whether any Organics Processing proposals should be excluded from the Collection Franchise RFP addendum, or included in a modified form. Based on the initial review, all proposals were included in the Collection Franchise RFP addendum. In addition, the initial feasibility analysis served as a means to test that Technical Advisory Team members (and later, Rating Panel members) applied the sub-criteria in a uniform and consistent manner. All proposals received a full evaluation and scoring.

Flexible Approach to Clarifying Information - In general, there will be flexibility to request necessary clarifications from one or more proposers at any point in the process. Requests to multiple proposers to provide clarification will generally include two sections; 1) Questions that are being asked of all proposers, and 2) Questions that are specific to the given proposer.

Flexible Approach to Interviews - Requests to proposers in preparation for interviews will generally include questions that are being asked of all proposers, and questions that are specific to the given proposer. There will be flexibility to allow for follow-up

clarifications, and to conduct more than one interview with a given proposer in the unlikely event that it is necessary to do so.

Flexible Best and Final Offer (BAFO) Process - With input from Technical Advisory Team members as needed, the core team of ESD staff and consultants will develop and release any BAFO requests and will evaluate the responses. Any specific BAFO request may be sent to one or more proposers. One or more proposers receiving a BAFO request may be requested to provide clarification and/or to participate in an interview to discuss their response. The evaluation and selection process will be sufficiently flexible to allow for the potential use of a BAFO during any of the three main steps of the process.

Flexible Combined, System Analysis - There will be sufficient flexibility to allow the Evaluation process to include the necessary steps to ensure that the "mixing and matching" results in compatible combinations and avoid needless review of incompatible combinations. This process will include coding key characteristics related to system compatibility into the model once each proposal has received a final individual scoring. [For example, in matching a Collection Franchise proposer that cannot provide transfer with an Organics Processor whose facility is more remotely located and that also cannot offer transfer, the model will clearly identify the need for the City to arrange for transfer.]

Evaluation Teams and Roles

Executive Steering Committee - The Executive Steering Committee will perform the following key roles: 1) Ratify the framework for the evaluation and selection process, 2) Review and confirm process recommendations from the Rating Panels as necessary, 3) Oversee any BAFO process occurring during the combined review process, and 4) Review and approve the recommendation of award to Council. The Executive Steering Committee will meet at key milestone dates throughout the process, as needed to confirm the direction of the evaluation teams. Upon completion of scoring for both sets of proposals and upon commencing the combined process, the Executive Steering Committee may choose to meet with the Rating Panels and/or the members of the Technical Advisory Team as necessary to understand the proposals and their scoring, and to facilitate decisions regarding combined scoring. Membership will include representatives from ESD, Purchasing, Public Works/General Services, and the City Manager's Office.

Rating Panels - The Rating Panels will include ESD staff, solid waste management professionals from nearby communities, and, for the Collection Franchise RFP, professionals from the business community. Rating Panel members will score proposals using input from the Technical Advisory Team, and apply the RFP evaluation criteria, sub-criteria, and weighting, as ratified by the Executive Steering Committee. The Rating Panels will meet with Technical Advisory Team members to gain insight into specific aspects of the proposals, will contribute to development of clarification and interview questions, and will conduct proposer interviews with facilitation from ESD staff and/or consultants. Purchasing staff will facilitate Rating Panel meetings.

Technical Advisory Team **-** The Technical Advisory Team will be a diverse group of subject experts, working primarily on an individual basis or in small subgroups. Technical Advisory Team members will provide objective, factual review and analysis of specific aspects of the proposals for direct use by the Rating Panel. Anticipated areas of expertise include solid waste collection, recyclables processing, organics processing, conversion technology, cost analysis, legal analysis, financial analysis, labor compliance, etc. Membership will be somewhat fluid in that new members may be added during the process to reflect technical advisory needs. Members may include ESD staff, other City staff, representatives of the business community, and consultants.

Key Evaluation and Selection Milestones

The milestone dates on the matrix below outline the key activities that will need to occur in order to meet a February 2011 council recommendation date. Milestone dates may change based on factors such as: calendar availability of meeting participants, the final release date for the collection RFP, the number of proposers to be interviewed, and the content and timeline of any necessary BAFO's.

Table 1 Key Milestones (2010-2011)

Timing	Activity	Lead
April 16th 2010	Receive organics processing proposals	Purchasing
April 20th 2010	Minimum qualifications check completed	Purchasing
April 26th 2010	Executive Steering Committee – first meeting to approve process, sub- criteria and weights before commencing review of Organics Processing proposals.	Executive Steering Committee
May 4th 2010	Purchasing approves Cost Reviewer Form	Purchasing
May 14th 2010	Complete draft Collection RFP addendum and circulate internally for review	ESD, Purchasing, City Attorney
May 18th 2010	Complete initial screening	Technical Advisory Team (TAT)
May 21st 2010	Post Collection RFP addendum with technical specs and costs (if necessary) for organic streams on BidSync	ESD, Purchasing, City Attorney
May 27th 2010	Collection RFP pre-proposal meeting	ESD
June 2nd 2010	Organics Processing rating panel kick-off meeting with technical presentation (Meeting 1)	ESD
June 16th 2010	Organics Processing rating panel mid-review meeting (Meeting 2)	ESD
June 28th 2010	Organics Processing rating panel interim meeting (Meeting 3)	ESD
June 30th 2010	Collection RFP Cost Form Work Session	ESD
July 13th 2010	Interview Organics Processing proposers	Rating Panel, TAT
July – Aug. 2010	Complete scoring of Organics Processing proposals, with review by Purchasing	Rating Panel, Purchasing
Sept. 1st 2010	Deadline for submitting Collection RFP objections and questions	Purchasing

Timing	Activity	Lead
Sept. 2010	Executive Steering Committee review of Collection evaluation criteria	Executive Steering Committee
Sept. 2010	Executive Steering Committee to review and approve revised Procurement Process Guidelines	Executive Steering Committee
Sept. 22nd 2010	Receive Collection proposals/ verify minimum qualifications	Purchasing
Oct. 6th 2010	Collection rating panel kick-off meeting with technical presentation (Meeting 1)	ESD
Nov. 10th 2010	Collection rating panel mid-review meeting (Meeting 2)	ESD
Dec. 2010 1st	Interview Collection proposers (proposals 1-3) (Meeting 3)	Rating Panel, TAT
Dec. 3rd 2010	Interview Collection proposers (proposals 4-6, if needed) (Meeting 4)	Rating Panel, TAT
Dec. 9th 2010	Collection rating panel final meeting (Meeting 5). Raters complete their scoring.	ESD, Rating Panel
Dec. 10th 2010	Purchasing completes review of scoring.	Purchasing
Dec. 2010	Executive Steering Committee review of "mix and match" evaluation process and BAFO request (if necessary)	Executive Steering Committee
Dec. 2010	Release BAFO request	ESD, Purchasing
Jan. 2011	Receive BAFO responses	ESD, Purchasing
Jan. 2011	Executive Steering Committee - meet to approve recommendation for award	Executive Steering Committee
Jan. 2011	Submit draft Council report to City Manager's Office	ESD
Feb. 2011	Council review of recommendation to negotiate	Council
Feb. 2011	Begin negotiations	ESD, Attorney's Office
July 2011	Council review of negotiated contracts to award	ESD

ATTACHMENT C: SCOPE OF COLLECTION FRANCHISE AND ORGANICS PROCESSING AGREEMENTS

Scope of the Collection Franchise

The scope of the franchise will include, with certain exceptions, the exclusive right to provide garbage, recyclables, and organics collection services to commercial generators within an assigned service district. The collection services will include a variety of container options including carts, front-load bins, roll-off boxes, and compactors. The scope excludes Construction and Demolition (C&D) waste. Additional base-level services are discussed below. The final franchise agreements brought to Council for approval in June 2011 will be modified to include additional and enhanced services, features, and terms specific to the actual proposal accepted by Council.

The franchise combines collection and recyclables processing services under a single service provider for each district citywide. Under this model, each the franchisee will be responsible for meeting collection and processing waste diversion requirements. The franchisee must meet performance standards for all aspects of the service, and report program data and information to the City. The agreements will detail descriptions for how the franchisee will process collected materials; meet minimum standards for equipment through-put and material recovery efficiency (i.e. diversion); and maintain the quality of the processed material. The franchisee will be required to include comprehensive plans for marketing each type of recovered material under current and anticipated markets, and to demonstrate availability of contingency recyclables processing capacity.

The recommended franchisee has chosen to purchase disposal capacity from International Disposal Corporation at the same priced specified in the agreement between the City and International Disposal Corporation (owned by Republic Services).

The franchisee will provide all billing and customer service functions. The City will establish maximum service rate customer rates based on the rate schedule proposed by the Franchisee which includes the Franchisee's revenue requirements, Commercial Solid Waste Franchise (General Fund), and the cost for commercial organics processing; the Franchisee will also collect Integrated Waste Management (Fund 423) fees on behalf of the City. The rate structure will be designed to the extent practicable to minimize the initial rate increases to businesses and provide rate stability throughout the term of the franchises. The franchisees will also remit to the City payment of Franchise and Integrated Waste Management for the cost of disposal, fees, as well as and any performance incentive/disincentive payments assessed through the process outlined in the franchise agreement. The franchisee will be responsible for paying directly for all services provided by their affiliates and subcontractors.

Scope of the Organics Processing Agreement

The scope of the Organics Processing agreement will include the exclusive right to process commercial organic waste citywide. Contract parameters will define material specifications, prohibited materials, and contamination levels for acceptable organic streams delivered by the Collection Franchisee and assure that delivered materials are accepted and processed in accordance with the approved processing protocol. The final processing contract brought to

ATTACHMENT D: IMPACTS TO CUSTOMER RATES

Although some businesses will see different effects on their monthly garbage bill in the new commercial solid waste system, rates for the majority of businesses should be similar to the rates businesses are currently paying. In some cases, the rates may be lower. Rates are expected to be in line with rates charged elsewhere in the Bay Area. In San José's current, non-exclusive franchise system, customers negotiate rates with their chosen hauler. This has resulted in large rate disparities between customers, as larger businesses can leverage their size to negotiate lower rates.

To determine what San José businesses currently pay for waste collection, the City contracted with the San José State University Research Foundation's Survey and Policy Research Institute (SPRI) to conduct a rate survey of the commercial sector. A total of 6,700 San José commercial businesses were telephoned between August 16 and September 16, 2010. These businesses were invited to participate in the survey by faxing, emailing, or mailing a copy of their most recent garbage bill to SPRI, or by answering a few questions by phone. 618 businesses contacted by phone agreed to participate in the survey and a total of 279 completed surveys were received via all three methods. The survey confirmed staff's expectations that rates, for the same level of service, vary drastically from business to business. The results provided a comparison for the rates included with the Collection Franchise RFP proposals. For another comparison, staff conducted an extensive study of commercial rates from other local jurisdictions that have exclusive franchise systems.

For the new commercial system, the City chose not to set specific customer rate structures. Instead, the City allowed responders to the RFP to create a rate structure that best achieved their total revenue requirement. This allowed for proposers to structure rates that encourage customers to choose services that help the proposer achieve their waste diversion and operational goals. For example, proposers could charge less for recycling containers to encourage their use or could charge less for bins than carts to encourage the more efficient collection methods. The variations in proposed rate structures and the disparity in current commercial rates make it challenging to anticipate all the effects the various proposals could have on customer rates. The most commonly subscribed service levels were analyzed to determine the rate impact of the majority of businesses. It was learned that rates for most businesses will not be markedly different by implementing the recommended Allied / ZWED system. Small businesses will likely see decreases as their relatively high current rates are made consistent with what all businesses will pay for the same level of service.

Although most rates should not alter dramatically, some individual rates for specific service levels may see a considerable increase. Because of this, Allied proposed to work with City Staff within six months following initial service to make adjustments to these specific service levels that see the greatest rate increase. Allied would employ knowledge of customer accounts and billings at each service level to develop a new reduced rate for the affected service levels, and implement a single percent increase to all other rates commensurate with the projected lost revenue related to reducing the rate for the affected service levels. Allied would provide this information to the City as the basis for adoption of a revised rate schedule.

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ATTACHMENT E: RFP PROTESTS AND RESPONSES

CITY OF
SAN JOSE
CAPITAL OF SILICON VALLEY

Finance Department
PURCHASING DIVISION

March 9, 2011

Mr. Mark R. Arsenault
Recology Silicon Valley
1675 Rogers Avenue
San Jose, CA 95112

Dear Mr. Arsenault,

Subject: Request for Proposal (RFP) 10-11-27, Commercial Solid Waste and Recyclable Material Collections Franchise Procurement
Reference: Letter from Recology Silicon Valley titled "Protest of Award Recommendation" dated February 14, 2011

The City has reviewed your referenced letter dated February 14, 2011. Your letter addresses several issues including:

- Proposal evaluation score discrepancies
- Unrealistic tonnage projections made by competitor Allied Waste Services
- Recology's low scores in the areas of a) franchise fees during the transition period, and b) exceptions made to the City's Exemplar Agreement.
- Lack of access to the subjective and objective details of the City's proposal evaluation.

Issue Number 1: Evaluation Scoring Discrepancies

Recology is correct in that there are minor differences (as much as three tenths of a point) between the scoring summary provided in the Notice of Intended Award and the additional scoring information that was provided at Recology's request for the purpose of providing you with a better understanding of how your proposal scored.

The differences you have identified as "discrepancies" are due to rounding. A restated Notice of Intended Award is attached to this letter and Recology's scores have not changed. When the supplemental documents you requested were prepared, there is a possibility that there will be small differences in the scores due to rounding because averaging and then normalizing the scores to a 100 point scale may have occurred at different points in the calculations. Attached to this letter are restated versions of the documents that we have provided you, with averages calculated using a methodology that more closely matches the Notice of Intended Award.

Issue Number 2: Allied Waste Services Tonnage Projections.

Recology contends that Allied Waste Services overestimated the total tonnage to be collected via roll-off box, and therefore received a higher score for "cost" than they should have. Recology supports this claim by stating their extensive San Jose commercial collection experience.

The experience of the proposers, as well as all claims and representations made by the proposers, were considered, vetted during the RFP process as necessary, and independently scored by each evaluator. Recology earned 27 out of 30 available points for the "qualifications and experience" evaluation criteria.

Issue Number 3: Recology Technical Proposal Weighted Score:

Recology disputes whether the cost was fairly scored because fair value was not considered for the guaranteed payment of franchise fees during the service transition period. In addition, Recology contends that they were unfairly scored for taking technical exceptions to the City's Contract, and the City did not consider Recology's "positive intentions" to complete contract negotiations.

200 East Santa Clara Street, 13th Floor, San Jose, CA 95113 Tel. (408) 535-7050 Fax (408) 292-6480 www.sanjoseca.gov

Section 14.7.3 of the RFP stated the following: "The cost evaluation is intended to provide an equitable basis for cost comparisons among proposals based on the reasonableness of the proposed costs and proposed maximum service rates given the Proposer's assumptions. All cost information to be used will be as stated in Attachment B, Cost Proposal Forms." The City followed the RFP evaluation process by only scoring costs which were presented in the Cost Proposals. The City only considered rebates or other incentives - such as additional franchise fees during the transition period - where a firm commitment was reflected in the cost proposal.

Section 14.2 of the RFP states that proposals may be marked down if excessive exceptions are made to the City's terms and Conditions. There were 35 total points that could be earned under the 'technical" evaluation criteria. A maximum of three out of 35 points were reserved for the "technical exceptions to contract" sub-criteria,. Recology took numerous exceptions to the City's form agreement and received a score of 1.4 points.

Issue Number 4: Access to Proposal Evaluation Details:

Recology requests a full disclosure of all components of the evaluation by the City, including a record of the evaluative considerations of individual evaluators. Recology contends that the requested information would provide a comprehensive position of understanding of the City of San Jose's commercial collection proposal evaluation.

In addition to the Notice of Intended Award where scoring was summarized by each of the criteria stated in the RFP (Qualifications and Experience, Technical, Environmental Stewardship, Cost), you were provided with a face to face debriefing where staff explained the evaluation process, and provided an overview of the strengths and weaknesses of your proposal. In addition, you requested and were provided additional scoring information showing how your proposal scored by major sub-criteria as well as a summary demonstrating how each evaluator scored.

After careful review, I have determined that proposals were independently and fairly scored, accurately calculated, and that the evaluation process described in the RFP was followed. Therefore, I am upholding Staff's recommendation of award as presented in the Notice of Intended Award dated February 4, 2011.

This item will be heard by the City Council at the April 5, 2011 Council meeting. You may appeal this decision to the Council by filing a written appeal with the San Jose City Clerk within ten days from the date of this letter.

If you have any questions regarding this matter, please contact Mr. Gordon Johnson, Contract Specialist at 408-945-5140 or 408-535-7049.

Sincerely,

Mark Giovannetti

Mark Giovannetti
Purchasing Officer

Attachments

200 East Santa Clara Street, 13th Floor, San Jose, CA 95113 Tel. (408) 535-7050 Fax (408) 292-6480 www.sanjoseca.gov

NOIA Summary

Notice of Intended Award

RFP 09-10-27 Evaluation Summary			Allied Waste						Recology Silicon Valley			Green City Recovery			Revolution Resource Recovery			California Waste Solutions		
	Vendor:		1601 Dixon Landing Road Milpitas, CA 95035						50 California St. 24th Floor San Francisco, CA 94111			1500 Berger Drive San Jose, CA 95112			5510 Sunol Blvd, Suite 400 Pleasanton, CA 94566			1005 Timothy Drive San Jose, CA 95113		
	Proposal:		CNG, 15-Year Term						CNG, 15-Year Term			CNG, 15-Year Term			CNG, 15-Year Term			CNG, 15-Year Term		
Item	Description																			
1	MQ's - Pass/Fail		Pass						Pass			Pass			Pass			Pass		
2	Required Documents - Pass/Fail		Pass						Pass			Pass			Pass			Pass		
	Service Type:		2-Container			One-Bin Plus			Hybrid Container System			2-Container			2-Container			2-Containers		
	Service Area:		North District	South District	City-Wide	North District	South District	City-Wide	North District	South District	City-Wide	North District	South District	City-Wide	North District	South District	City-Wide	North District	South District	City-Wide
3	Proposed Annual Costs		$22,646,621	$24,047,088	$44,833,433	$23,593,401	$24,482,730	$46,140,423	$24,581,482	$24,176,809	$48,758,290	$28,685,506	$29,680,880	$57,186,025	$26,428,134	$28,568,777	$53,770,460	$34,226,958	$33,574,998	$66,779,961
4	Proposal Evaluation	Points Possible	Scores	Scores	Scores	Scores	Scores	Scores	Scores	Scores	Scores	Scores	Scores	Scores	Scores	Scores	Scores	Scores	Scores	Scores
a	Qualifications and Experience Average	30	26.0	26.2	26.1	24.9	25.0	25.0	27.0	27.0	27.0	24.8	24.8	24.8	18.5	18.6	18.5	17.6	17.7	17.6
b	Technical Proposal Average	35	31.3	31.3	31.3	29.4	29.5	29.5	25.9	25.8	25.9	29.6	29.6	29.6	25.0	25.3	25.1	19.2	19.6	19.4
c	Environmental Stewardship Average	5	4.3	4.3	4.3	4.3	4.3	4.3	4.2	4.2	4.2	4.1	4.1	4.1	3.5	3.5	3.5	3.4	3.4	3.4
d	Cost Proposal	30	28.5	28.3	28.5	27.5	27.9	27.9	26.7	27.7	26.5	23.1	23.3	23.0	25.5	24.9	25.0	21.6	22.3	21.7
	Evaluation Total Score:	100	90.1	90.1	90.2	86.1	86.7	86.7	83.8	84.7	83.6	81.6	81.8	81.4	72.4	72.2	72.0	61.9	63.0	62.2
	Ranking:				1			2			3			4			5			6

NOTES:

1. The table above shows the highest-scoring proposals from each proposer based on award of both districts to one proposer.
2. Commercial solid waste collection and recyclables processing proposals represent approximately 90% of total Commercial Solid Waste System costs.
3. Total costs and cost scores for citywide award include proposed applicable citywide discounts, which do not apply to single districts.
4. "CNG" = New Compressed Natural Gas Solid Waste Collection Fleet.
5. For detailed descriptions of the Evaluation Criteria, please see Request for Proposals RFP 09-10-27. Evaluation criteria used by the Raters included, but was not limited to:
   a. Qualifications & Experience. Experience providing similar services at similar scale; qualifications and structure of management team; proposer/employer litigation history.
   b. Technical Proposal. Customer service and outreach; ease of system for customer; meet transition schedule; technical and environmental innovation; further Green Vision Goals; environmental impacts from operations and facilities.
   c. Environmental Stewardship. Support of City Environmental Preferencial Purchasing Policy; history of corporate environmental responsibility.
   d. Cost Proposal. Comparison of revenue requirements (majority of cost score); reasonableness of costs and cost-related exceptions to RFP exemplar agreement.

NOIA Summary (Notice of Intended Award)
Aggrigate Scores

RFP 09-10-27 Evaluation by Container	Allied Waste CNG - 15 Year 2-Container							Allied Waste CNG - 15 Year One-Bin Plus							Recology Silicon Valley CNG - 15 Year Hybrid Container System						
Phone #:																					
Dist/Cont/Fuel/Criteria Evaluator:	A	B	C	D	E	F	Avg	A	B	C	D	E	F	Avg	A	B	C	D	E	F	Avg
North District																					
Qualifications & Experience Weighted Points	216	240	240	244	227	231	233	186	242	230	244	207	221	222	224	260	250	244	253	224	243
Financial Strength							27							27							27
Technical Proposal Weighted Points	297	313	310	302	344	313	313	188	310	317	307	325	315	294	244	220	271	285	268	266	259
Environmental Stewardship Weighted Points	40	50	50	43	30	43	43	40	50	50	43	30	43	43	38	50	39.5	43	44	40	42
Evaluator Total Points:	553	603	600	589	601	587		414	602	597	594	562	579		506	530	560.5	572	565	530	
Sub Technical Total Points:							616							585							571
Cost Proposal							285							276							267
Total Technical/Cost Points:							901							861							838
South District																					
Qualifications & Experience Weighted Points	216	252	240	244	227	231	235	186	252	230	244	197	231	223	224	260	250	244	253	224	243
Financial Strength							27							27							27
Technical Proposal Weighted Points	297	315	310	302	344	313	314	188	315	314.5	307	325	318	295	244	220	265	285	268	266	258
Environmental Stewardship Weighted Points	40	50	50	43	30	43	43	40	50	50	43	30	43	43	41	49	39	42	43	40	42
Evaluator Total Points:	553	617	600	589	601	587		414	617	594.5	594	552	592		509	529	554	571	564	530	
Sub Technical Total Points:							618							588							570
Cost Proposal							283							279							277
Total Technical/Cost Points:							901							867							847
Technical Scores-Evaluator Ranking:	1	1	1	2	2	3		5	1	2	1	4	1		3	4	4	3	3	4	

RFP 09-10-27 Evaluation by Container	Green City Recovery CNG - 15 Year 2-Container							Revolution Resource Recovery (RRR) CNG - 15 Year 2-Container							California Waste Solutions CNG - 15 Year 2-Container						
Phone #:																					
Dist/Cont/Fuel/Criteria Evaluator:	A	B	C	D	E	F	Avg	A	B	C	D	E	F	Avg	A	B	C	D	E	F	Avg
North District																					
Qualifications & Experience Weighted Points	215	245	229.5	200	237	236	227	128	240	185	156	59	178	158	122	149	179	176	115	153	149
Financial Strength							21							27							27
Technical Proposal Weighted Points	277	310	304	250	323	310	296	270	290	270	274	191	205	250	202	190	241.5	235	129	156	192
Environmental Stewardship Weighted Points	24	50	39.5	41	46	45	41	22	50	30	41	29	38	35	29	50	39.5	41	12	35	34
Evaluator Total Points:	516	605	573	491	606	591		420	580	484	471	279	421		353	389	460	452	256	344	
Sub Technical Total Points:							585							470							402
Cost Proposal							231							255							216
Total Technical/Cost Points:							816							724							619
South District																					
Qualifications & Experience Weighted Points	215	245	229.5	200	237	236	227	128	240	185	156	65	178	159	122	149	179	176	118	153	150
Financial Strength							21							27							27
Technical Proposal Weighted Points	277	310	304	250	323	310	296	270	292	290	268	192	206	253	202	190	241.5	235	151	156	196
Environmental Stewardship Weighted Points	24	50	39.5	41	46	45	41	22	50	30	41	29	38	35	29	50	39.5	41	12	35	34
Evaluator Total Points:	516	605	573	491	606	591		420	582	505	465	286	422		353	389	460	452	281	344	
Sub Technical Total Points:							585							474							407
Cost Proposal							233							249							223
Total Technical/Cost Points:							818							722							630

Recology
Score Summary With Subcriteria

RFP 09-10-27 Evaluation by Container	North District Summary	Recology	
Dist/Cont/Fuel/Criteria		Avg	Max Wtd Points
Hybrid Container, North, CNG			
Qualifications & Experience Weighted Score		27.0	30
1. Experience Providing Similar Services at Similar Service Levels and Throughput Volume		8.7	10
2. Qualifications and Structure of Management Team		2.7	3
3. Experience in Successful Coordination with Key Stakeholders and Other Contractors		4.5	5
4. References		2.9	3
5. Employer History		1.8	2
6. History of Innovation in Meeting Green Vision Goals		1.9	2
7. Litigation History		1.8	2
8. Financial Strength		2.7	3
Technical Proposal Weighted Score		25.9	35
1. Technical Approach		11.9	16
2. Ability to Meet Transition and Implementation Schedule		4.2	6
3. Technical Innovation		4.1	5
4. Furthering Green Vision Goals		1.8	2
5. Environmental Innovation and Mitigation of Impacts		2.6	3
6. Technical Exceptions to Contract		1.4	3
Environmental Stewardship Weighted Score		4.2	5
1. Support of City EP3 Policy		2.5	3
2. History of Environmental Stewardship		1.8	2
	Sub Total Points:	57.1	70

Recology
Score Summary With Subcriteria

RFP 09-10-27 Evaluation by Container	South District Summary	Recology	
Dist/Cont/Fuel/Criteria		Avg	Max Wtd Points
Hybrid Container, South, CNG			
Qualifications & Experience Weighted Score		27.0	30
1. Experience Providing Similar Services at Similar Service Levels and Throughput Volume		8.7	10
2. Qualifications and Structure of Management Team		2.7	3
3. Experience in Successful Coordination with Key Stakeholders and Other Contractors		4.5	5
4. References		2.9	3
5. Employer History		1.8	2
6. History of Innovation in Meeting Green Vision Goals		1.9	2
7. Litigation History		1.8	2
8. Financial Strength		2.7	3
Technical Proposal Weighted Score		25.8	35
1. Technical Approach		11.9	16
2. Ability to Meet Transition and Implementation Schedule		4.1	6
3. Technical Innovation		4.1	5
4. Furthering Green Vision Goals		1.8	2
5. Environmental Innovation and Mitigation of Impacts		2.6	3
6. Technical Exceptions to Contract		1.4	3
Environmental Stewardship Weighted Score		4.2	5
1. Support of City EP3 Policy		2.5	3
2. History of Environmental Stewardship		1.8	2
	Sub Total Points:	57.0	70

Recology
Score Summary With Subcriteria

RFP 09-10-27 Evaluation by Container	One Hauler for Both Districts	Recology	
Dist/Cont/Fuel/Criteria		Avg	Max Wtd Points
Hybrid Container CNG			
Qualifications & Experience Weighted Score		27.0	30
1. Experience Providing Similar Services at Similar Service Levels and Throughput Volume		8.7	10
2. Qualifications and Structure of Management Team		2.7	3
3. Experience in Successful Coordination with Key Stakeholders and Other Contractors		4.5	5
4. References		2.9	3
5. Employer History		1.8	2
6. History of Innovation in Meeting Green Vision Goals		1.9	2
7. Litigation History		1.8	2
8. Financial Strength		2.7	3
Technical Proposal Weighted Score		25.9	35
1. Technical Approach		11.9	16
2. Ability to Meet Transition and Implementation Schedule		4.2	6
3. Technical Innovation		4.1	5
4. Furthering Green Vision Goals		1.8	2
5. Environmental Innovation and Mitigation of Impacts		2.6	3
6. Technical Exceptions to Contract		1.4	3
Environmental Stewardship Weighted Score		4.2	5
1. Support of City EP3 Policy		2.5	3
2. History of Environmental Stewardship		1.8	2
	Sub Total Points:	57.1	70

Recology
Silicon Valley
WASTE ZERO

February 14, 2011

Gordon Johnson
City of San José
Finance/Purchasing, 13th Floor
200 E. Santa Clara Street
San José, CA 95133

Subject: Protest of Award Recommendation – City of San José Proposal RFP 09-10-27 Commercial Solid Waste and Recyclable Material Collection Franchise Procurement

Dear Mr. Johnson:

On behalf of Recology Silicon Valley I wish to submit this protest of the subject award recommendation. Our protest is based on the following:

- The proposal evaluation scores presented in the Evaluation Summary, distributed as an attachment to the City's Notice of Intended Award (NOIA) on February 4, 2011, do not in all respects equal the proposal evaluation scores presented in the evaluation detail sheets provided to us in our debriefing meeting with Gordon Johnson on February 8, 2011.
- The tonnage projected by Allied Waste Services to be collected via roll-off box vs. the tonnage to be collected via carts and bins does not reflect the commercial customer profile in San José.
- The Technical Proposal Weighted scores attributed to our proposals seem disproportionately low, particularly in two areas:
    - The City's evaluation of our proposal to continue to pay to the City a "full-value" Franchise Fee during the transition period, and
    - The City's evaluation of our technical exceptions to the Exemplar Agreement.
- The lack of access by proposers to the subjective and objective details of the City's proposal evaluation

Each of these elements of our protest is discussed in the following paragraphs.

Evaluation Score Discrepancies

While we have not had the time to examine the City's proposal evaluation scores in detail, a random sampling discloses discrepancies between the scores contained in the NOIA attachment and the scores contained in the evaluation detail sheets referred to above. The following are example of such discrepancies:

- The total score shown for the Recology Hybrid CNG Collection System for the North Service District in the NOIA attachment is 83.8, whereas the total score shown for this system in the detail sheets is the equivalent of 84.1.

- The total score shown for the Recology Hybrid CNG Collection System for the South Service District in the NOIA attachment is 84.7, whereas the total score shown for this system in the detail sheets is the equivalent of 84.8.
- The total score shown for the Allied One-Bin Plus CNG Collection System for the North Service District in the NOIA attachment is 86.6, whereas the total score shown for this system in the detail sheets is the equivalent of 86.4.

We acknowledge that these discrepancies are each relatively minor, but we are unable to evaluate the cumulative effect of these discrepancies. We therefore request that the detail and summary scoring of all submitted proposals be recalculated by City staff, and distributed for review by all proposers.

Allied Waste Services Tonnage Projections

Allied Waste Services projects a disproportionately high total tonnage to be collected via roll-off box, relative to their projected tonnage to be collected via carts and bins. Based on our extensive San José commercial collection experience, we are confident that the customer base for which roll-off collection is appropriate is far smaller than is reflected in Allied's projections, and that the customer base for which cart and bin collection is appropriate requires a far greater frequency of service in smaller containers than is reflected in Allied's projections. A result will be that the total actual cost of commercial collection will be much higher than is reflected in Allied's proposal.

Recology Technical Proposal Weighted Score

We believe that our guaranteed payment of the current Franchise Fee during the transition to service under the new contract (see page 175 of our proposal) was not given a fair value for its impact to the City and to our proposal rating. We currently pay $5.5 million annually in Franchise Fees. We feel that this is added value to the City, and a commitment from Recology to make the transition seamless, both financially and operationally, should have been rated higher.

In addition, our very low rating in the subcategory "Technical Exceptions to the Contract" does not reflect our positive intentions for both the City and proposers to complete negotiations of the contract. This was a very complex Exemplar Agreement, and we believe that our suggested changes and corrections will make it a better and more equitable, risk- managed contract, and should not be penalized but, instead, rewarded, ensuring that no surprises will come up during actual negotiations and that more time can be focused on transitioning to this large and very complex new commercial collection system.

Access to Proposal Evaluation Details

The evaluation data provided thus far by the City constitute scoring summaries only and do not enable proposers to establish confidence in the fairness of the City's proposal evaluation process. We feel that a comprehensive position of understanding of the City of San José's commercial collection proposal evaluation can be attained by each proposer only after being provided full disclosure of all components of that evaluation by the City, including a record of the evaluative considerations of individual evaluators.

In closing, we request that the City of San José diligently preserve all documentation of the proposal evaluation process and deliberations, including handwritten notes and other anecdotal materials, in the event that we, other proposers, and/or the public may seek to review this material.

Sincerely,

Mark R. Arsenault

Group Manager and Vice President
Recology

CITY OF
SAN JOSE
CAPITAL OF SILICON VALLEY

Finance Department
PURCHASING DIVISION

March 9, 2011

Mr. Paul Yamamoto
Recology Pacheco Pass
235 North First Street
Dixon, CA 95620

Dear Mr. Yamamoto,

Subject: Request for Proposal (RFP) 09-10-11, Organics Processing Services Procurement
Reference: Letter from Recology Pacheco Pass titled "Award Recommendation Protest" dated February 14, 2011

The City has reviewed your letter protesting the City's award recommendation of the Organics Processing Services Procurement to Allied Waste. In your letter, you acknowledge the City's Green efforts and goals, and make several points that reinforce Recology's proposed solution. The key point made in the letter is that Recology does not co-mingle the collection or processing of compostable organics and garbage. Your letter concludes by requesting that the City further consider the various points that you have raised prior to making any final decision.

The City certainly appreciates and acknowledges the points that you have raised in your letter. Recology's strong technical solution was recognized by the evaluators because Recology's technical score of 22.2 out of 30 possible points was the highest technical score earned out of all the solutions. Recology was not recommended for award because their total score, which includes the sum of all of the evaluation criteria (Technical, Experience, Cost, Environmental Stewardship, Local and Small Business Preference), was not the highest overall.

Attached to this letter is the City's Notice of Intended Award which was sent to all proposers on February 4, 2011. The scores for each evaluation criteria are demonstrated for each proposal.

After careful review, I have determined that the evaluation process described in the RFP was followed. Therefore, I am upholding Staff's recommendation of award as presented in the Notice of Intended Award dated February 4, 2011.

This item will be heard by the City Council at the April 5, 2011 Council meeting. You may appeal this decision to the Council by filing a written appeal with the San Jose City Clerk within ten days from the date of this letter.

If you have any questions regarding this matter, please contact Mr. Gordon Johnson, Contract Specialist at 408-945-5140 or 408-535-7049.

Sincerely,

Mark Giovannetti
Purchasing Officer

Attachment

200 East Santa Clara Street, 13th Floor, San Jose, CA 95113 Tel. (408) 535-7050 Fax (408) 292-6480 www.sanjoseca.gov

Notice of Intended Award
Summary

RFP 09-10-11 Evaluation Summary		Vendor: Address:	ZWED 1500 Berger Drive San José, CA 95112 Organics Stream 1: <5% Contamination (San José) 15 Year Term		Republic 1601 Dixon Landing Road Milpitas, CA 95035 Organics Stream 1: <5% Contamination (EBMUD - NIRRP - San José) 15 Year Term			Recology 235 North First Street Dixon, CA 95620 Organics Stream 1: <5% Contamination (Pacheco Pass) 15 Year Term
Item	Description							
1	MQ's - Pass/Fail		Pass		Pass			Pass
2	Required Documents - Pass/Fail		Pass		Pass			Pass
			AD	Compost	AD EBMUD	AD NIRRP	Compost	Compost
3	Proposed $ per Ton		$ 66.38	$ 66.86	$ 66.97	$ 78.35	$ 47.95	$ 64.60
4	Proposal Evaluation	Points Possible	Proposal Score		Proposal Score			Proposal Score
			AD	Compost	AD EBMUD	AD NIRRP	Compost	Compost
a	Qualifications and Experience	25	14.8	20.1	10.8	9.5	18.4	18.9
b	Technical Proposal	30	21.6	21.0	14.9	14.0	20.8	22.2
c	Environmental Stewardship Average	5	4.2	4.2	2.8	2.8	2.8	3.5
d	Local Business	5	5.0	5.0	0.0	0.0	0.0	0.0
e	Small Business	5	5.0	5.0	0.0	0.0	0.0	0.0
f	Cost Proposal	30	22.8	21.6	22.3	19.3	26.7	22.1
	Evaluation Total Score:	100	73.4	77.0	50.9	45.7	68.7	66.7
	Ranking:		1 AD	1 Compost	2 AD	3 AD	2 Compost	3 Compost

NOTES:
1. The above table shows the highest-scoring proposals from each proposer based on award of both districts to one proposer.
2. Commercial organic waste processing proposals represent approximately 10% of total Commercial Solid Waste System costs.
3. "AD" = Anaerobic Digestion Waste to Energy Processing.
4. "NIRRP" = Newby Island Resource Recovery Park.
5. "EBMUD" = East Bay Municipal Utility District, Oakland, CA.
6. For detailed descriptions of the Evaluation Criteria, please see Request for Proposals RFP 09-10-11. Evaluation criteria used by the Raters included, but was not limited to:
   a. Qualifications & Experience. Experience providing similar services at similar scale; qualifications and structure of management team; proposer/employer litigation history.
   b. Technical Proposal. Meet transition schedule; technical and environmental innovation; further Green Vision Goals; environmental impacts from operations and facilities.
   c. Environmental Stewardship. Support of City Environmental Preferencial Purchasing Policy; history of corporate environmental responsibility.
   d. Cost Proposal. Processing cost per ton (majority of cost score); reasonableness of processing cost and cost-related exceptions to the RFP exemplar agreement.

Recology.
Pacheco Pass
WASTE ZERO

February 14, 2011

City of San Jose
Finance/Purchasing, 13th Floor
200 E. Santa Clara Street
San Jose, CA 95113

Subject: Award Recommendation Protest, RFP 09-10-11 Organics Processing Services

Dear Mr. Johnson:

Thank you for meeting with us on February 8th and taking the time to review the City's proposal rankings as well as listening to our thoughts on the advantages of Recology's long established "sustainable" practices for the collection and management of organics from large metropolitan areas.

We applaud the City's efforts to continuously pursue and advance green, sustainable practices and agree whole heartedly with the City's Green Vision, Zero Waste Strategic Plan and Environmentally Preferable Procurement Policy. To this end, we believe that Recology's unparalleled experience in fully integrated organics recycling programs from source separated collection, to value added processing, to intensive marketing of 'all' of our nationally recognized products to farmers and consumers in the agricultural and landscape industry more closely matches the City's 'green' objectives than any other proposal. Recology's fully integrated programs of source separated collection of organics, converting what was once considered waste into value added sellable compost, and comprehensive marketing will help San Jose close the loop on urban organics in a true model of sustainability by creating a value added soil amendment used by farmers throughout Northern and Central California and Northern Oregon.

<u>The City's Green Vision</u>

Recology's integrated program clearly supports a key element of goal number 5 in the diversion of 100 percent of the waste from landfill. This is a crucial step in reducing waste and eliminating the environmental liabilities associated with landfills, but landfill diversion is only part of the equation. The balance of the City's green programs compliment and integrate with each other in a manner that completes a comprehensive program for the City.

Administrative Office: 245 Hooper Street | Fairfield, CA 94620-3022 | T: 800.266.2371 | F: 707.678.5138
Site Location: 3675 Pacheco Pass Highway 152 | Gilroy, CA 95020-9554 | T: 408.847.4143 | F: 408.847.3042

RecologyPacheco Pass.com | Facebook.com/RecologyPacheco

San Jose's Zero Waste Strategic Plan

The City's plan for Zero Waste hones in on key elements of closing the loop on the City's Green Vision of 100% landfill diversion.

- Rethinking product design/manufacturing – Recology turns what was once waste into nationally recognized organic soil amendments with dramatic benefits to soil structure and the environment.
- Extraction of natural resources – Recology's source separated collection proposal 'preserves' the value of natural resources, organics, extracted from the waste stream. Our experience clearly shows that the best method for creating a valuable and sellable finished compost is to prevent co-mingling with garbage. Co-mingling of organics with garbage can result in a final product that has marginal and possibly detrimental impacts to the soil and environment.
- Strategy 2, Develop and strengthen markets for recoverable and reusable materials – Recology has a mature and comprehensive marketing and distribution program that employs a dedicated staff of five full time employees in Northern California alone as well as full time drivers who are supplemented by seasonal contracted truckers to intensively market and transport our products. Crucial to our sustainable compost program is that our urban derived compost is actively pursued and purchased by farmers in recognition of its benefits to the soil, crops and our environment. Our finished materials are sold out annually.

Environmentally Preferable Procurement Policy

As noted in the RFP documents, the goal of this policy is to encourage the procurement of products and services that help to minimize the environmental impact resulting from the use and disposal of these products. These products include, but are not limited to, those that contain recycled content, conserve energy or water, minimize waste or reduce the amount of toxic material used and disposed.

This policy helps complete San Jose's comprehensive strategy to protect the environment. The use of a product should minimize environmental impacts from its use and taken one step further, should improve the environment. This is exactly what Recology's finished organic products achieve when used by our customers.

In none of Recology's service areas do we incorporate the co-mingled collection or processing of compostable organics and garbage. Recology and its subsidiaries maintain a fundamental commitment to achieving maximum diversion of recyclable, compostable, and reusable materials for their highest and best end-use, and to returning them back to the community, to close the loop on the life cycle of resources. We take great pride in the high quality of the compost that is produced by our facilities. There is very limited sustainable end-use value to plant cultivation in the output of a composting process whose feedstock is compostable organics co-mingled with garbage. For this primary reason, Recology believes very strongly that our model of converting urban organics into value added soil amendments is in perfect alignment with the City's stated environmental policies.

Prior to making any final decision, we respectfully request that the City fully consider and understand the potentially significant environmental impacts of applying products made from organics co-mingled with garbage to agricultural lands versus applying highly coveted, value added soil amendment that is proven to improve the soil and our environment. We also invite you to take samples of our organically certified food waste compost to validate its quality and benefits as a soil amendment.

Should you have any questions, please feel free to contact me at (707) 693-2103.

Sincerely yours,

Paul Yamamoto
Group Manager
Recology Landfill and Compost Group

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CITY OF
SAN JOSE
CAPITAL OF SILICON VALLEY

Finance Department
PURCHASING DIVISION

March 9, 2011

Ms. Nicole Rinauro, General Manager
Revolution Resource Recovery
1769 Park Avenue, Suite 250
San Jose, CA 95126

Dear Ms. Rinauro,

Subject: Request for Proposal (RFP) 10-11-27, Commercial Solid Waste and Recyclable Material Collections Franchise Procurement
Reference: Letter from Revolution Resource Recovery titled "Dispute of Award Recommendation" dated February 13, 2011

The City of San Jose ("City") received a letter from Revolution Resource Recovery ("Revolution") dated February 13, 2011 setting forth its basis for a protest to the proposed award of the Commercial Solid Waste and Recyclable Material Collection franchise to Allied Waste. On February 4, 2011, the City extended to all proposers the opportunity to meet for a debriefing and to ask any questions about the procurement process. The opportunity for Revolution to meet in-person with City staff to address many of the concerns raised in your letter is still available. You may schedule a time with Mr. Gordon Johnson at 408-945-5140 or 408-535-7049.

In your letter, you raised a number if issues which are listed below along with my response to each issue.

Issue Number 1: Insufficient Evaluation Information:

1. *The City provides only high level scoring and does not include sub-criteria scores.*

   The City reported a scoring summary for each evaluation category in accordance with the table presented in Section 14.7 of the RFP. Additional scoring detail is attached to this letter. As noted above, the City typically provides additional information regarding your proposal's strengths and weaknesses at the aforementioned debriefing.

2. *The [scoring] summary provides no narrative reasoning or logic.*

   The proposals were scored in accordance with the process described in Section 14.2 of the RFP. The basis of award is in accordance with RFP Section 15.1 and scores given reflect the evaluators' position on the relative merits of each proposal.

3. *The summary does not demonstrate how any proposal meets the RFP's stated Project Objectives and Goals.*

   This was a "best value" procurement and all proposals were evaluated against the evaluation and weights described in the RFP. These criteria were designed to ensure that the best overall proposal meeting the City's stated objectives and goals was selected.

4. *Revolution respectfully requests that the City release its unedited scoring papers, worksheets, and full evaluation of all proposers.*

   Please find enclosed additional detail of the aggregate score within each category. These scores are consistent across evaluators. Unedited scoring papers and worksheets are not subject to disclosure. However, the offer to meet for a specific debriefing on the strengths and weaknesses of your specific proposal is still available.

200 East Santa Clara Street, 13th Floor, San Jose, CA 95113 Tel. (408) 535-7050 Fax (408) 292-6480 www.sanjoseca.gov

Issue Number 2: Evaluation Summary Basis Out of Compliance with RFP

Nowhere in the RFP can Revolution find that a basis for contract award was that proposers must have the highest ranking proposals for both districts."

As stated in Section 1.0 of the RFP, "The City reserved the right to recommend award to one or two contractors for the North and South Districts." Please note that the North and South Districts were scored separately. Scores by District were provided in the Notice of Intended Award and the recommended proposer received the highest scores for both districts.

Issue Number 3: Summary Basis Out of Compliance with RFP Criteria – Revolution Request

Revolution respectfully requests that the City uncouple Districting as a basis of award and show all scoring and ranking for all proposals requested by the City, along with the full evaluation for all requested proposals.

This information was provided in the Notice of Intended Award and additional information is being provided with this letter. For each District, Revolution scored and ranked fifth out of the six proposals that were evaluated. Therefore, the uncoupling of districts does not change the award recommendation outcome.

Issue Number 4: Proposal Summary Inaccuracy – Revolution Findings

1. *Revolution requests that the City correct its Evaluation Summary to reflect the correct total system costs as indicated in the chart, and to re-score Revolution's Cost Proposal for the two-bin and tailored system approach (described in Item 5 below), as well as communicate how staff made allowance for value in its calculations (addressed in Item 6, below).*

   The RFP is clear that the cost evaluation is based on the total costs and how they translate to annual revenue requirements. All incentives and disincentives proposed by various proposers were treated in the same manner during the evaluation process. Additional incentives and disincentives were offered by three other proposers. None, including Revolution, factored these incentives to their Cost or Total Annual Rate Requirement. Therefore, the City only considered rebates where a firm commitment and reflected in the cost proposal. Revolution's cost proposal stated that its proposed costs included built in financial incentives for itself, and for customers.

2. *Revolution requests that the City correct its Evaluation Summary to reflect the correct total system costs as indicated in the chart, and to re-score Revolution's Cost Proposal for the two-bin and tailored system approach (described in Item 5 below), as well as communicate how staff made allowance for value in its calculations (addressed in Item 6, below).*

   Please see response to issue #3. The total system costs for each proposal were considered in the same manner.

Issue Number 5: System Approach Semantics – "Hybrid" System – Revolution Request

Revolution requests that its tailored/3-container system (which means that customers could conceivably have up to three containers if three containers preserved commodity values and facilitated organics processing) be ranked with Allied Waste's One-Bin Plus and Recology's Hybrid systems because 1) the system meetings the City's RFP specifications, and 2) it provides the lowest cost for a tailored system which serves the public's best interest.

All of Revolution's proposed solutions, including the solution mentioned above, were evaluated and scored by the evaluation committee. The scores presented in the Notice of Intended Award represented the highest scoring proposals for each firm.

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Issue Number 6: Value – Summary and Context of Challenge and Findings

In selecting a contractor that best serves San José businesses, value has to be considered. There is nothing in the Evaluation Summary that proves value was considered in scoring the Cost or Technical Proposals. Based on Revolution's scoring, Revolution wonders if reviewers thoroughly read the proposers we spent hundreds of hours developing and producing.

The City did not limit or restrict solutions. This was a "best value" procurement and all proposals were evaluated against the evaluation criteria and weights described in the RFP. These criteria were designed to ensure that the best overall proposal(s) meeting the City's stated objectives and goals was selected.

Issue Number 7: Qualifications Score – Revolution Request

Revolution sees no reason why its qualifications scoring should be any lower than the City's currently third-ranked proposer. The Company requests reconsideration, rescoring, and pledges to cooperate fully in exploring this matter together with City staff. The Company asks the City to examine the scoring on this item very closely and adjust it in an objective manner which matches the 150+ year collective experience of the management team.

The evaluation team diligently read and evaluated all of the proposals, including the relative merits of the management team as reflected in the additional information provided with this letter.

After careful review, I have determined that the evaluation process as described in the RFP was followed; therefore, I am upholding Staff's recommendation of award. The City appreciates the additional information and clarifications you have provided in your protest letter. However, we cannot re-evaluate additional information provided at this time as this would not be consistent with the process or fair to the other proposers.

This item will be heard by the City Council at the April 5, 2011 Council meeting. You may appeal this decision to the Council by filing a written appeal with the San Jose City Clerk within ten days from the date of this letter.

Thank you for your interest and participation in this process. If you have any questions regarding this matter, please contact Mr. Gordon Johnson, Contract Specialist at 408-535-7049.

Sincerely,

Mark Giovannetti
Purchasing Officer

Attachments

200 East Santa Clara Street, 13th Floor, San Jose, CA 95113 Tel. (408) 535-7050 Fax (408) 292-6480 www.sanjoseca.gov

NOIA Summary

Notice of Intended Award

RFP 09-10-27 Evaluation Summary	Vendor:	Allied Waste						Recology Silicon Valley			Green City Recovery			Revolution Resource Recovery			California Waste Solutions		
	Address:	1601 Dixon Landing Road Milpitas, CA 95035						50 California St. 24th Floor San Francisco, CA 94111			1500 Berger Drive San Jose, CA 95112			5510 Sunol Blvd, Suite 400 Pleasanton, CA 94566			1005 Timothy Drive San Jose, CA 95113		
	Proposal:	CNG, 15-Year Term						CNG, 15-Year Term			CNG, 15-Year Term			CNG, 15-Year Term			CNG, 15-Year Term		
Item	Description																		
1	MQ's - Pass/Fail	Pass						Pass			Pass			Pass			Pass		
2	Required Documents - Pass/Fail	Pass						Pass			Pass			Pass			Pass		
	Service Type:	2-Container			One-Bin Plus			Hybrid Container System			2-Container			2-Container			2-Containers		
	Service Area:	North District	South District	City-Wide	North District	South District	City-Wide	North District	South District	City-Wide	North District	South District	City-Wide	North District	South District	City-Wide	North District	South District	City-Wide
3	Proposed Annual Costs	$22,646,621	$24,047,088	$44,833,433	$23,593,401	$24,482,730	$46,140,423	$24,581,482	$24,176,809	$48,758,290	$28,685,506	$29,680,880	$57,186,025	$26,428,114	$28,568,777	$53,770,460	$34,226,958	$33,574,998	$66,779,961
4	Proposal Evaluation	Points Possible	Scores	Scores	Scores	Scores	Scores	Scores	Scores	Scores	Scores	Scores	Scores	Scores	Scores	Scores	Scores	Scores	Scores
a	Qualifications and Experience Average	30	26.0	26.2	26.1	24.9	25.0	25.0	27.0	27.0	27.0	24.8	24.8	24.8	18.5	18.6	18.5	17.6	17.7	17.6
b	Technical Proposal Average	35	31.3	31.3	31.3	29.4	29.5	29.5	25.9	25.8	25.9	29.6	29.6	29.6	25.0	25.3	25.1	29.2	19.6	19.4
c	Environmental Stewardship Average	5	4.3	4.3	4.3	4.3	4.3	4.3	4.2	4.2	4.2	4.1	4.1	4.1	3.5	3.5	3.5	3.4	3.4	3.4
d	Cost Proposal	30	28.5	28.3	28.5	27.5	27.9	27.9	26.7	27.7	26.5	23.1	23.3	23.0	25.5	24.9	25.0	21.6	22.3	21.7
	Evaluation Total Score:	100	90.2	90.1	90.2	86.1	86.7	86.7	83.8	84.7	83.6	81.6	81.8	81.4	72.4	72.2	72.0	61.9	63.0	62.2
	Ranking:				1			2			3			4			5			6

NOTES:

1. The table above shows the highest-scoring proposals from each proposer based on award of both districts to one proposer.
2. Commercial solid waste collection and recyclables processing proposals represent approximately 90% of total Commercial Solid Waste System costs.
3. Total costs and cost scores for citywide award include proposed applicable citywide discounts, which do not apply to single districts.
4. "CNG" = New Compressed Natural Gas Solid Waste Collection Fleet.
5. For detailed descriptions of the Evaluation Criteria, please see Request for Proposals RFP 09-10-27. Evaluation criteria used by the Raters included, but was not limited to:
   a. Qualifications & Experience. Experience providing similar services at similar scale; qualifications and structure of management team; proposer/employer litigation history.
   b. Technical Proposal. Customer service and outreach; ease of system for customer; meet transition schedule; technical and environmental innovation; further Green Vision Goals; environmental impacts from operations and facilities.
   c. Environmental Stewardship. Support of City Environmental Preferencial Purchasing Policy; history of corporate environmental responsibility.
   d. Cost Proposal. Comparison of revenue requirements (majority of cost score); reasonableness of costs and cost-related exceptions to RFP exemplar agreement.

NOIA Summary (Notice of Intended Award)
Aggrigate Scores

RFP 09-10-27 Evaluation by Container	Allied Waste CNG - 15 Year 2-Container							Allied Waste CNG - 15 Year One-Bin Plus							Recology Silicon Valley CNG - 15 Year Hybrid Container System						
Phone #:																					
Dist/Cont/Fuel/Criteria Evaluator:	A	B	C	D	E	F	Avg	A	B	C	D	E	F	Avg	A	B	C	D	E	F	Avg
North District																					
Qualifications & Experience Weighted Points	216	240	240	244	227	231	233	186	242	230	244	207	221	222	224	260	250	244	253	224	243
Financial Strength							27							27							27
Technical Proposal Weighted Points	297	313	310	302	344	313	313	188	310	317	307	325	315	294	244	220	271	285	268	266	259
Environmental Stewardship Weighted Points	40	50	50	43	30	43	43	40	50	50	43	30	43	43	38	50	39.5	43	44	40	42
Evaluator Total Points:	553	603	600	589	601	587		414	602	597	594	562	579		506	530	560.5	572	565	530	
Sub Technical Total Points:							616							585							571
Cost Proposal							285							276							267
Total Technical/Cost Points:							901							861							838
South District																					
Qualifications & Experience Weighted Points	216	252	240	244	227	231	235	186	252	230	244	197	231	223	224	260	250	244	253	224	243
Financial Strength							27							27							27
Technical Proposal Weighted Points	297	315	310	302	344	313	314	188	315	314.5	307	325	318	295	244	220	265	285	268	266	258
Environmental Stewardship Weighted Points	40	50	50	43	30	43	43	40	50	50	43	30	43	43	41	49	39	42	43	40	42
Evaluator Total Points:	553	617	600	589	601	587		414	617	594.5	594	552	592		509	529	554	571	564	530	
Sub Technical Total Points:							618							588							570
Cost Proposal							283							279							277
Total Technical/Cost Points:							901							867							847
Technical Scores-Evaluator Ranking:	1	1	1	2	2	3		5	1	2	1	4	1		3	4	4	3	3	4	

RFP 09-10-27 Evaluation by Container	Green City Recovery CNG - 15 Year 2-Container							Revolution Resource Recovery (RRR) CNG - 15 Year 2-Container							California Waste Solutions CNG - 15 Year 2-Container						
Phone #:																					
Dist/Cont/Fuel/Criteria Evaluator:	A	B	C	D	E	F	Avg	A	B	C	D	E	F	Avg	A	B	C	D	E	F	Avg
North District																					
Qualifications & Experience Weighted Points	215	245	229.5	200	237	236	227	128	240	185	156	59	178	158	122	149	179	176	115	153	149
Financial Strength							21							27							27
Technical Proposal Weighted Points	277	310	304	250	323	310	296	270	290	270	274	191	205	250	202	190	241.5	235	129	156	192
Environmental Stewardship Weighted Points	24	50	39.5	41	46	45	41	22	50	30	41	29	38	35	29	50	39.5	41	12	35	34
Evaluator Total Points:	516	605	573	491	606	591		420	580	484	471	279	421		353	389	460	452	256	344	
Sub Technical Total Points:							585							470							402
Cost Proposal							231							255							216
Total Technical/Cost Points:							816							724							619
South District																					
Qualifications & Experience Weighted Points	215	245	229.5	200	237	236	227	128	240	185	156	65	178	159	122	149	179	176	118	153	150
Financial Strength							21							27							27
Technical Proposal Weighted Points	277	310	304	250	323	310	296	270	292	290	268	192	206	253	202	190	241.5	235	151	156	196
Environmental Stewardship Weighted Points	24	50	39.5	41	46	45	41	22	50	30	41	29	38	35	29	50	39.5	41	12	35	34
Evaluator Total Points:	516	605	573	491	606	591		420	582	505	465	286	422		353	389	460	452	281	344	
Sub Technical Total Points:							585							474							407
Cost Proposal							233							249							223
Total Technical/Cost Points:							818							722							630

Revolution Resource Recovery
Score Summary with Subcriteria

RFP 09-10-27 Evaluation by Container	North District Summary	Revolution Resource Recovery	
Dist/Cont/Fuel/Criteria		Avg	Max Wtd Points
2-Container, North, CNG			
Qualifications & Experience Weighted Score		18.5	30
1. Experience Providing Similar Services at Similar Service Levels and Throughput Volume		5.2	10
2. Qualifications and Structure of Management Team		2.3	3
3. Experience in Successful Coordination with Key Stakeholders and Other Contractors		3.0	5
4. References		2.0	3
5. Employer History		1.4	2
6. History of Innovation in Meeting Green Vision Goals		1.3	2
7. Litigation History		0.7	2
8. Financial Strength		2.7	3
Technical Proposal Weighted Score		25.0	35
1. Technical Approach		11.1	16
2. Ability to Meet Transition and Implementation Schedule		4.1	6
3. Technical Innovation		3.9	5
4. Furthering Green Vision Goals		1.6	2
5. Environmental Innovation and Mitigation of Impacts		2.4	3
6. Technical Exceptions to Contract		1.8	3
Environmental Stewardship Weighted Score		3.5	5
1. Support of City EP3 Policy		2.4	3
2. History of Environmental Stewardship		1.0	2
	Sub Total Points:	47.0	70

Revolution Resource Recovery
Score Summary with Subcriteria

RFP 09-10-27 Evaluation by Container	South District Summary	Revolution Resource Recovery	
Dist/Cont/Fuel/Criteria		Avg	Max Wtd Points
2-Container, South, CNG			
Qualifications & Experience Weighted Score		18.6	30
1. Experience Providing Similar Services at Similar Service Levels and Throughput Volume		5.3	10
2. Qualifications and Structure of Management Team		2.3	3
3. Experience in Successful Coordination with Key Stakeholders and Other Contractors		3.0	5
4. References		2.0	3
5. Employer History		1.4	2
6. History of Innovation in Meeting Green Vision Goals		1.3	2
7. Litigation History		0.7	2
8. Financial Strength		2.7	3
Technical Proposal Weighted Score		25.3	35
1. Technical Approach		11.4	16
2. Ability to Meet Transition and Implementation Schedule		4.1	6
3. Technical Innovation		3.9	5
4. Furthering Green Vision Goals		1.6	2
5. Environmental Innovation and Mitigation of Impacts		2.4	3
6. Technical Exceptions to Contract		1.9	3
Environmental Stewardship Weighted Score		3.5	5
1. Support of City EP3 Policy		2.4	3
2. History of Environmental Stewardship		1.0	2
	Sub Total Points:	47.4	70

Revolution Resource Recovery
Score Summary with Subcriteria

RFP 09-10-27 Evaluation by Container	One Hauler for Both Districts	Revolution Resource Recovery	
Dist/Cont/Fuel/Criteria		Avg	Max Wtd Points
2-Container CNG			
Qualifications & Experience Weighted Score		18.5	30
1. Experience Providing Similar Services at Similar Service Levels and Throughput Volume		5.3	10
2. Qualifications and Structure of Management Team		2.3	3
3. Experience in Successful Coordination with Key Stakeholders and Other Contractors		3.0	5
4. References		2.0	3
5. Employer History		1.4	2
6. History of Innovation in Meeting Green Vision Goals		1.3	2
7. Litigation History		0.7	2
8. Financial Strength		2.7	3
Technical Proposal Weighted Score		25.1	35
1. Technical Approach		11.3	16
2. Ability to Meet Transition and Implementation Schedule		4.1	6
3. Technical Innovation		3.9	5
4. Furthering Green Vision Goals		1.6	2
5. Environmental Innovation and Mitigation of Impacts		2.4	3
6. Technical Exceptions to Contract		1.9	3
Environmental Stewardship Weighted Score		3.5	5
1. Support of City EP3 Policy		2.4	3
2. History of Environmental Stewardship		1.0	2
	Sub Total Points:	47.1	70

revolution
resource recovery

To: Gordon V. Johnson, Contract Specialist, Purchasing Division, City of San José

From: Nicole Rinauro, General Manager, Revolution Resource Recovery

Date: February 13, 2011

Re: ***Notice of Intended Award (NOIA), RFP 09-10-27, Dispute of Award Recommendation***

Revolution Resource Recovery respectfully requests the City consider the following information relative to the NOIA it released on February 4, 2011. Revolution finds these items to be factually deficient, erroneous, or incongruent/disrespectful of the City's own process.

The tremendous expense related to this procurement is carried on the backs of residents and businesses of the City of San José, and therefore this process requires absolute diligence, transparency, and a review process that matches the complexity, demands, and objectives of the City's *RFP*. This must include a sophisticated review process and a review team with an extraordinarily high degree of expertise, objectivity, and refined analytical skill.

The Company has carefully considered the City's own language provided in the *RFP §16.0 – Protests*. Revolution's intention is simply to defend its response and ensure an objective and fair process and an end result that will accomplish City objectives. We sincerely appreciate your time and careful consideration and look forward to your response. Thank you.

1: Insufficient Evaluation Information – Summary and Context of Challenge

Revolution understands the City is interested in controlling its procurement process, and the City has also generously provided for a protest period. However, the *RFP §16.2*, states the following:

> *If an unsuccessful Proposer wishes to dispute the award recommendation, the protest must be submitted in writing to the Purchasing Officer no later than ten (10) calendar days after announcement of the successful Proposer(s), detailing the grounds, factual basis, and providing all supporting information.*

The City's NOIA dated February 4, 2011, states the following:

> *The scoring for each proposal/proposer is based on the criteria established in Section 14.7 of the RFP.*

§14.7 breaks down each criterion that should have been utilized by the City in ranking proposals. General criteria and sub-criteria and associated points include: Qualifications (10 sub-criteria, 30 possible points); Technical Proposal (3 sub-criteria; 35 possible points); Environmental Stewardship (1 sub-crtieria; 5 possible points); and Cost Proposal (1 sub-criteria; 30 points).

The City's *Evaluation Summary*, consists only of a one-page spreadsheet presenting only the "highest-scoring proposals from each proposer based on award of both districts to one proposer."

Insufficient Evaluation Information – Revolution Findings

Revolution finds the following deficiencies:
a. The summary does not include sub-criteria scores.
b. The summary provides no narrative reasoning or logic.
c. The summary does not demonstrate how any proposal meets the *RFP's* stated *Project Objectives and Goals.*

In conclusion, this evaluation does not provide proposers with even the bare minimum information sufficient to craft an intelligent dispute, which renders the *Evaluation Summary* considerably less credible. The vagueness of this *Evaluation Summary* does not begin to distill the information contained in proposals that numbered in the hundreds of pages, representing thousands of hours of hard work, and therefore does not respect the City's own process. The City's *Evaluation Summary* does not match by any stretch the caliber of work the City clearly expected of the proponents, and therefore does not honor the process it set forth, nor does it respect the resources proposers expended to participate in this highly complex, demanding procurement process.

The City has, in the past, reached out the potential proposers on the heels of other, less successful solid waste procurements to find out what would generate competition and additional bidders. The City addressed the challenge outlined in that previous process and created contract terms double that of the old *Recycle Plus!* contracts. In this procurement, the City quite possibly will have generated a new obstruction to future participation: lack of a diligent and fair process.

Insufficient Evaluation Information – Revolution Request

Revolution respectfully requests that the City release its unedited scoring papers, worksheets, and full evaluation to all proposers.

2: Evaluation Summary Basis Out of Compliance with RFP Criteria – Summary and Context of Challenge

The *Evaluation Summary, Note 1* states:

> *The table above shows the highest-scoring proposals from each proposer based on award of <u>both districts</u> to one proposer.*

The City did not indicate or infer in its *RFP* that it intended to award both districts to one proposer. In fact, the City has no track record in at least 20 years for doing so. The *RFP* states the following in *§1.0 – Introduction:*

> *The second step is the release of this Commercial Solid Waste and Recyclable Material Collection Franchise RFP, which <u>could</u> result in awarding two Commercial Collection Franchisees, one for each service district. The City <u>could</u> also award both service district franchises to the same proposer.*

Evaluation Summary Basis Out of Compliance with RFP Criteria – Revolution Findings

In conclusion, the wording of *Note 1*, as indicated above, draws a direct line between City staff's recommended contract award of both districts to Allied Waste based on

criteria that was not indicated by the City in its *RFP*. Nowhere in the *RFP* can Revolution find that a basis for contract award was that proposers must have the highest ranking proposals for both districts.

Evaluation Summary Basis Out of Compliance with RFP Criteria – Revolution Request

Revolution respectfully requests that the City uncouple Districting as a basis of award and show all scoring and ranking for all proposals requested by the City, along with the full evaluation for all requested proposals.

3: Sensitivity to an Economically Challenging Period – Summary and Context of Challenge and Revolution Findings

Earlier in the same *RFP* paragraph, referenced in *Item 2,* directly above, the City acknowledges that it is effectively potentially putting over 20 collection companies out of business. Although not a basis for dispute, knowing that the City is concerned with revitalization of business and employment growth, Revolution wonders what staff's intended outcome is of severely straining or putting out of business over 20 San José companies says about doing business in San José and whether staff believes a contract award to one large conglomerate promotes a business climate that is friendly toward small, minority-owned, and start-up businesses.

The City noted in several Council memos that it expected commercial rates to rise by approximately 20 percent due to the inclusion of prevailing wage language alone. Revolution's costs result in no change to average current rates. Current rates are the product of a highly competitive and unregulated operating environment. To achieve those low rates and generate exceedingly high value at once serves San José businesses extraordinarily well and will reflect well on the City of San José.

Sensitivity to an Economically Challenging Period – Revolution Request

Revolution requests that the City reconsider its evaluation findings with appropriate sensitivity on its own economic environment, which particular affects small and minority-owned businesses. The Company suggests the City may wish to re-evaluation the message an award to one large hauler may send to small businesses in the City. Most tax revenues the City receives are generated through small and moderately sized businesses.

4. Proposal Summary Inaccuracy – Summary and Context of Challenges

The *Evaluation Summary* completely misrepresents Revolution's total cost for the two-container system as it does not include the recycling rebate. Revolution proposed to utilize a recycling rebate to offset rates for businesses achieving their individually-set recycling objectives. The rebate is not to be confused in a strict sense with recycling revenues, as the rebate is a guaranteed rebate based on VOLUME rather than commodities markets or indices, and the projected dollar amount is clearly indicated in the *Cost Forms*. The City asked, in its *RFP* for proposals to address generator incentives and this was Revolution's idea, which the Company is proud of and believes would be an effective approach. However, the City is free and knows it is free to negotiate with Revolution to utilize those revenues in any way it sees fit. The total system costs must be revised to reflect the following:

	North		South	
	Tailored System	**2-Container**	**Tailored System**	**2-Container**
Cost	26,300,000.00	26,400,000.00	$27,950,000.00	$28,500,000.00
Recycling Rebate $60/ton (3-Container) or $40/ton (2-Container)	(3,700,000.00)	(2,500,000.00)	(3,700,000.00)	(2,500,000.00)
Revolution	22,600,000.00	23,900,000.00	24,250,000.00	26,000,000.00
Total Cost	*Not presented*	*Score: 25.5*	*Not presented*	*Score 24.9*
Allied Waste	23,593,401.00	22,646,000.00	24,482,000.00	24,047,088.00
Total Cost	*Score 27.6*	*Score: 28.5*	*Score: 27.9*	*Score: 28.3*
Recology	24,581,482.00		24,176,809.00	
Total Cost	*Score 26.7*		*Score 27.7*	

As the City can clearly see, Revolution is lower than Allied Waste in its *Tailored System* approach (see *Item 5,* below). In the two-container system, Revolution is much lower than the other 2-container proposals, and only slightly higher than Allied Waste, by approximately 5 percent in the North District (yet its score is 15 percent lower than Allied's), and 8.5 percent higher in the South District (yet its score was 12 percent lower than Allied's).

Setting aside labels for the moment, Revolution's *Tailored System* represents the lowest cost of all proposers with a tailored approach noted in the summary (Allied: One-Bin Plus; Recology: Hybrid). Revolution's *Tailored System* is approximately 5 percent lower than Allied's *One-Bin Plus* system in the North, and is about even but still lower in the South. However, this system was not included in the City's *Evaluation Summary* due to semantics.

Proposal Summary Inaccuracy – Revolution Findings

Conclusion: Revolution requests that the City correct its *Evaluation Summary* to reflect the correct total system costs as indicated in the chart, and to re-score Revolution's *Cost Proposal* for the two-bin and tailored system approach (described in *Item 5* below), as well as communicate how staff made allowance for value in its calculations (addressed in *Item 6*, below).

Proposal Summary Inaccuracy – Revolution Request

A simple way of reassigning a score for the two-container system without consideration of proposed program value would be to increase Revolution's *Cost Proposal* scoring to match the actual percentage difference in corrected total system costs, which may still be inadequate but would be more fair. In any case, Revolution requests that the City revise the *Evaluation Summary* to accurately reflect its total system costs for the two container system, as well as the associated scoring.

Value is addressed under *Technical Proposal Concerns.*

5: System Approach Semantics – "Hybrid" System – Summary and Context of Challenge

In one of the City's requests for clarification, it made the following statement and request:

Request No. 2

The RFP (RFP 09-10-27) requested proposals for three container and two container systems. Addendum 8, Question 13 provided the following question and answer:

Question. In the mandatory three-container system, does each customer need to have 3 containers or can they be offered 3 containers and choose to have only 2 containers?

Answer. Franchisees are required to offer the containers. However, if a technical assistance audit indicates that all three containers are unnecessary, and the customer agrees, and/or the customer doesn't want all three containers, Franchisees are not required to place all three at the given location. However, any arrangements you make with specific customers do not reduce the requirement to meet the diversion obligations as described in Section 1 of this addendum.

a) Based on your proposal and interview responses, it is our understanding that your goal is to minimize the impacts of the transition from one system to the other, and to maximize diversion over time by providing customer-driven service that meets individual customer needs. Is that accurate?
b) Assuming our understanding is correct, is it accurate to say that if you are selected to provide commercial service, and regardless of the selected collection option, that you will in fact provide "hybrid" service in that customers will receive tailored service with collection routes and other operational logistics modified as needed to match those collection needs?

Here was Revolution's written response to the above:

Revolution Response – 2a/Transition Impact Mitigation

San José's commercial waste stream is currently 82.45% redistributable/reusable or recyclable within the context of today's marketplace. Revolution's primary goal is to assertively maximize diversion from the operations start date through right-sizing service and gearing container configurations to achieve 80 percent diversion. Revolution's secondary goal is to shrink and green the waste stream over time—but still in an assertive, consistent manner. Shrinking and greening the waste stream are seen as complementary activities that are every bit as important as recovering resources, however, these activities cannot commence until every customer has the perfect combination of collection services and interactive technical assistance and personalized customer service which are the foundation on which complexion changes can be made.

Hence, Revolution's Proposal is comprehensive and detailed—with depth and planning—including transition challenge counter-measures built into it already.

Revolution intends to and will meet customer needs in every case and as expediently as possible. As it is with the preemptive and forward thinking nature of Revolution's Proposal, so it is with meeting customer needs: customer needs are anticipated and factored in. In developing Revolution initiatives, the proposal team seriously considered every perspective: property managers, business owners, employees, facility personnel—all with varying levels of authority, differing perspectives, and unique relationships with the waste generated on premises. Not only that, but each business is inherently different based on the type of business it is (service, retail, manufacturing, wholesale, and so forth) as well as

the consideration that business is dynamic in that its environment is constantly changing—whether due to external or internal forces or both.

The complexion of waste stream is also changing, and Revolution will influence that process in such a way as to significantly impact the awareness, purchasing habits, and sorting behaviors of its customers, as well as put appropriate pressure on manufacturers to conserve resources and produce and distribute their goods in an environmentally responsible manner. To achieve this, Revolution will work with the City of San José and entities such as the California Product Stewardship Council (of which Revolution is a partner), Carpet America Recovery Effort, e-Stewards (which Santa Clara County has recently joined), and the Electronics Take Back Coalition to craft its messaging and direct business owners to information, activities/procedures that can will lead to a serious up-front (real) change to San José's carbon footprint.

Which is why a tailored approach and personalized service are essential: Whether or not the "system" addresses the individuality of each business does not change the fact that businesses are distinct and are operated by human beings.

Bottom line: Revolution proposes to implement services that 1) minimize transition inconveniences for customers and meet all customer needs all of the time; 2) assertively maximize resource recovery from the outset; and 3) shrink and green the waste stream over time.

Consistent and expert training, educating, interacting, and a culture of accountability are essential elements of getting to zero waste. If these steps are not taken on, or are undertaken by under-qualified staff, the result will be inefficiency, and will continue to nurture a disconnect between input (consumption) and output (waste).

Revolution Response – 2b/Preferred Collection System

In reality, every collection system is a "hybrid" system because one size does not fit all, as is the experience of every experienced hauler. San José's waste stream is the waste stream that the City's selected contractor will inherit. Given the markets and waste stream as they are right now whatever is not reusable or non-recyclable must be screened out.

If separated on the front end a variety of advantages emerge which only enhance material value and marketability. Advantages include: a) raw materials for San José artists to use; b) building materials and fixtures for use in home remodeling and landscaping projects; c) materials and supplies for teachers to utilize in the classroom; d) equipment and supplies for non-profit organizations; e) food to feed San José's hungry, and much more.

Furthermore, separating materials on the front end ensures Revolution RREs will always be in contact with the resource stream and will continually look for uses and markets for new materials.

If not separated on the front end or only addressed in as a token gesture to fulfill a contract requirement rather than truly investing in and empowering the City's Green Vision through an earnest and highly organized effort means the only or primary hope to material recovery is on the back end. In this case, the City can only hope that the screening equipment and equipment operators are working optimally. To date, a processing system has not been able to produce much more than 55 percent recovery.

Back end processing can neither educate customers adequately, nor can it shrink or green the waste stream. Not only that, but back end processing downgrades the value of materials. In Revolution's model, where costs are matches to collection lines in order to begin helping to place value on the work, but recycling are revenues are rebated to

customers who do not exceed their individually set (and methodically reassessed) contamination thresholds.

Front end processing requires the flexibility of a three container system. Reduced processing costs offset the capital costs to implement this program. The strides made toward zero waste will be advanced in an economically feasible and very effective way.

Back end processing gets by from the operations start date with two containers in order to capture the entire waste stream/ensure it doesn't shrink. But whatever goes into one of the two containers that is not recyclable will either get screened out or, in some cases, it might even make it into an ag bag, but it will still be there are the end of the process, no one will be the wiser, and it will have been handled and transported multiple times.

Revolution advocates for a three-container system. But when customers have only an organics stream (not "wet stream") or recyclable materials stream (not "dry stream") based on processor requirements and market activity, they will only require and receive two of three containers. It is Revolution's goal to shrink and green the waste stream such that all customers will legitimately only need an organics container and a recyclable materials container.

System Approach Semantics – "Hybrid" System – Revolution Findings

The City, in attempting to re-label Revolution's proposal as a "hybrid" system is semantics, and Revolution does not want to speculate why the City needed to re-label systems. The proposed system can be called a "tailored" or "hybrid" or "One-Bin Plus" or "Two-Bin Plus" system. The point is Revolution will install a custom system for each customer, and Revolution's approach to doing so was described in its proposal in painstaking detail, was methodical, practical, effective, and would meet City objectives. Without any information, Revolution assumes that Recology's "Hybrid" system, Allied Waste's "One-Bin Plus" system, and Revolution's "Tailored" approach are essentially the same: tailored systems geared toward assertively getting higher diversion while mitigating inconvenience to the customer. The customer gets the minimal number of containers the customer needs to comply with the program and obtain the City's diversion objectives.

Because the City did not publish the full *Evaluation* to accompany the *Summary*, it assumes that Allied Waste's *One-Bin Plus* system will offer only one container to businesses that only need, or come close to only needing, one container. As noted in Revolution's proposal, it went to the trouble to acquiring the City's business license database and utilized it extensively to analyze the City's waste stream and waste generation rates by District. In reality, few businesses would be suited to this type of system. It would mean they would either have to generate all wet or all dry materials. A business that generated more than 80 percent dry materials could more easily fit into this category as wet waste could be bagged and pulled out at the processing facility, or could be set aside (i.e. in a bag or a second container) a collected separately. Small businesses with commodities-rich waste streams with fewer than 10 employees (employees generate wet/organic waste) would be candidates. It is important to note that the "Plus" in the program title indicates an additional container. This could also be called a "hybrid" or "tailored" system.

Semantics, by definition is the interpretation of words or groups of words within a certain context; usually in order to win some form of argument. Revolution asserts that semantics relative to system names may have been played a role in which systems the City chose to include in its *Evaluation Summary*.

The required all proposers to bid on two- and three-container systems. The City's *Evaluation Summary* is selective in its presentation of proposals, which casts a shadow on the objectivity of its conclusions.

System Approach Semantics – "Hybrid" System – Revolution Request

Revolution requests that its tailored/3-container system (which means that customers could conceivably have up to three containers if three containers preserved commodity values and facilitated organics processing) be ranked with Allied Waste's *One-Bin Plus* and Recology's *Hybrid* systems because 1) the system meetings the City's *RFP* specifications, and 2) it provides the lowest cost for a tailored system which serves the public's best interest.

6: Value – Summary and Context of Challenge and Findings

In selecting a contractor that best serves San José businesses, value has to be considered. There is nothing in the *Evaluation Summary* that proves value was considered in scoring the *Cost* or *Technical Proposals*. Based on Revolution's scoring, Revolution wonders if reviewers thoroughly read the proposers we spent hundreds of hours developing and producing.

Value – Revolution Request

Please see the *Appendix: Value* that includes just a few of Revolution's value-added programs that would make the City of San José's zero waste procurement a desirable model, and the outcome of it would provide a high level of assistance to San José businesses, and would also bring the community closer.

7: Qualifications Score – Summary and Context of Challenge and Revolution Findings

The following sub-criteria is listed in the City's *RFP* for evaluating proposer qualifications and experience:

a. Proposer's performance of similar services.

Revolution assumes City staff and the proposal review team have educated themselves sufficiently on the recent and current events in San Mateo County with respect to commercial recycling performance and contract/program implementation.

b. Previous experience providing similar services at a similar throughput volume.

Revolution is not clear as to whether the City is referring to collection or recycling processing here, since "throughput" is generally a term used to describe processing facility volumes. In that case, Revolution should have received full points as its recycling partner, Smurfit-Stone, is one of the largest recyclers in the world. If the City is referring to collection throughput, Revolution hopes the City has noted that Revolution affiliates currently collect and transport over 475,000 tons of material annually, which is considerably more waste than is generated in San José annually.

c. Proposer's performance in transitions.

As indicated in Revolution's qualifications statement, all implementation team members have experienced transitions, some of them major transitions. Several transitions that other proposers may have claimed in their qualifications statement could have been transitions designed by or managed by Revolution principals. Revolution's General Manager was the Assistant Manager of the original GreenTeam of San José and part of the proposal writing team; and she also wrote the proposal for Garden City Sanitation's residential contract. The GreenTeam implementation was extremely complex as the program was transitioned from unlimited service and no recycling to metered service and recycling. GreenTeam was awarded the majority of the City. The number of trucks required for this project was more than what is required for the entire City under this commercial contract. Revolution's Public Information Officer has been and is currently under contract with the SBWMA to design messaging for 13 jurisdictions, all generator types, which is a massive undertaking. An update on her qualifications as that implementation is occurring now is available. Revolution's General Manager implemented the first city-wide organics program that was rolled out in the same year for residents (SFD and MFD) and commercial generators, and resulted in a 58% residential participation rate within the first quarter of the program. Other Revolution team members have recently and successfully rolled out programs in other Bay Area cities. Revolution is convinced the City cannot find a more qualified implementation team, especially in light of the unfortunate events in neighboring San Mateo County.

d. Qualifications and structure of project management team, relationships between management team and corporate management, and internal controls.

Revolution is a new entity and therefore is beginning to develop its identity, however:

Revolution management controls are fully described in its proposal in adequate detail. Those controls are borne of Revolution experience within various solid waste and recycling companies as well as other types of businesses and therefore are very strong: the best of the best.

The Company's infrastructure, in the beginning, is "borrowed" from its affiliate companies while it develops its own—in the strictest terms. However, amongst the Revolution implementation team, there is varied experience within small independently owned and operated companies as well as large conglomerates. This exposure is highly valuable and fully informed Revolution's selection of equipment, technology, management structure and controls. Unfortunately, while larger companies have layers of controls, they have also invested heavily in customized accounting systems that are rigid and cannot create the reporting the City requires, and do require manual report generation—which is inefficient and prone to error.

Every company started somewhere.

e. Experience in coordinating service provisions with other contractors.

The coordination required in San José, 1992, between GreenTeam, Western Waste, and the City is an excellent example of a high level of coordination. Revolution's General Manager was GreenTeam of San José's original Assistant General Manager

and the individual who suggested a joint communications task force in the early days of that venture. Revolution's Operations Manager was BFI's General Manager with oversight over many of its legacy's current management team. All Revolution team members have demonstrated a high level of implementation experience, as well as the ability and desire to collaborate fully with the City as indicated in the transition experiences documented in the proposal. Additionally, the City could have requested more information if it was unclear about whether or not the Company was sufficiently qualified, but did not ask for expansion or additional information in the clarifications process.

f. References

One of Revolution's board members, Rick Mauck, had oversight of the General Manager's collection contract for decades. Have references been checked? Many references provided are comparable to those provided by other proposers who ranked much higher than Revolution did.

g. Previous history as an employer.

Should have received a perfect score as there are no violations, etc.

h. Previous labor relations history.

Should have received a perfect score as there are no violations, etc.

i. Litigation history.

Should have received a perfect score as there are no violations, etc.

j. Financial strength.

Financial strength is clearly sufficient. Again, as indicated in the RFP, the evaluation criteria was to be utilized to objectively rank proposers qualifications relative to the scope of work, and not as a comparative tool against one another. Revolution should have received a perfect score here, as 1) no Revolution affiliate has ever defaulted on a contract or experienced financial trouble or unable to obtain and maintain credit facilities; and 2) Revolution the financial statements and letters necessary to implement and cash flow start-up operations.

Qualifications Score – Revolution Request

Revolution sees no reason why its qualifications scoring should be any lower than the City's currently third-ranked proposer. The Company requests reconsideration, rescoring, and pledges to cooperate fully in exploring this matter together with City staff. The Company asks the City to examine the scoring on this item very closely and adjust it in an objective manner which matches the 150+ year collective experience of the management team.

8: Technical Proposal Score – Summary and Context of Challenge

This assigned score casts a huge shadow of doubt over the review process, as Revolution took great care to bounce all proposed ideas off highly experienced and objective contract managers, individuals previously associated with Environmental Services, associated with the City in general, review panelists, and who have been industry professional for decades. The Company's objective in doing this was to find the fatal flaw. The programs are practical, progressive, provide for new jobs, a new zero waste model, and will meet the City's objectives. The technical proposal also provides practical incentives at every level—which is something the City specifically asked for.

Technical Proposal Score – Revolution Findings

The Company fully expected and still believes it should have received the highest ranking on its technical proposal. Revolution's proposal author has never received a ranking on a technical proposal below first place, and the entire team is concerned that proposals did not receive proper attention. Without knowing all of the information about the expertise of all individuals on the review committee, Revolution fears that perhaps there was not enough collective experience to properly rank Revolution ideas, or that fear in ranking a new (although comprised of a highly experience core team) entity over an established one won out over objectivity and support for pioneering and practical efforts. Please see the *Appendix: Value* for an abbreviated list of <u>some</u> of Revolution's initiatives.

Technical Proposal Score – Revolution Request

The Company is asking the review committee to revisit its scoring giving the *Technical Proposal* the attention it deserves. Once the contract is or contracts are awarded and proposals made public, If not, Revolution will have no choice but to undertake its own exhaustive comparison in order to reestablish its credibility if these scores are not justified and corrected accordingly. There are distinguished individuals within the community and industry with no financial gain who would publicly speak to the validity and progressive nature of Revolution ideas.

Revolution is asking the City to really focus on these ideas as there is tremendous credibility on both sides of the table to preserve. Revolution only wants to ensure its proposal receives fair consideration and ranking.

9: Environmental Stewardship – Summary and Context of Challenge and Findings

Revolution's proposal includes a CNG fleet, and CNG, high efficiency gas, or hybrid/electric auxiliary vehicles. The proposal is carbon neutral as the Company has vowed to buy carbon credits through a legitimate entity such as the Climate Action Network to totally offset vehicle emissions. Revolution's routing model is one of <u>continuous improvement</u> utilizing <u>best available technology</u> as well as ensuring all services are <u>right-sized</u> so that containers are always full but not overflowing on collection day, and providing ample field oversight through route supervisors <u>and</u> Revolution RREs will deliver maximum efficiency, which equates to lower emissions and excellent service. The Company operates on a <u>paperless</u> platform and customers will have to <u>opt in</u> for paper rather than <u>opt in for e-communication and billing</u>. The Company has explored

partnering with the San José Parks Foundation and is committed to raising money for San José Parks and will seek out other projects to fund that fit with Revolution's role and vision.

Additionally, Revolution has a strong focus and the corresponding programs to redistribute reusable items, materials, and consumable food to community non-profits rather than recycling or landfilling them—which demonstrates a much higher level of environmental stewardship than recovering and processing, shipping, converting and/or landfilling materials. The Company worked extensively with San José State University to develop a building material reuse outlet. As indicated in Revolution's oral interview and contained on one of the slides, the Company is working with the arts community to find and distribute materials to San José artists. If the environmental stewardship score is based solely on emissions projections based on miles driven, Revolution was slightly conservative so as to avoid some of the problems associated with under-bidding to win a contract.

Furthermore, Revolution is providing free sustainability coaching and other services to its customers, as indicated in the proposal and this oral interview preparation response:

Written Request No. 3
Commercial customers will increasingly need City collection contractors to provide discards management metrics for reporting and compliance related to requirements such as those contained in ISO 14000, green building, and green business certification. What is your understanding of the type of data that may be requested, and how do you propose to provide it?

Revolution Response
The following summarizes Revolution's understanding of what may be required and how Revolution anticipates responding. As additional information is made available, Revolution will incorporate such information into its approach appropriately. Revolution will work with the City to supply any information desired by the City in an acceptable format. RREs will utilize custom database tracking templates accessible on their Ipads to track distribution of such information to customers.

Sustainability Consulting
As part of Revolution's Resource Recovery Expert (RRE) initial training each will receive LEED Green Associate training from Lauren Yamuth, consultant and USGBC Governance Committee member, which will prepare them for the exam and LEED certification. (See Collection Plan-Special Service No.11, pg. 223). All RREs will be charged with providing all customers within their assigned sub-district essential, basic information to help them meet the items the City lists in its request, above, and to provide an additional free service to customers to help them green their businesses. Revolution has also involved a full service architectural design firm, AAI to provide sustainable container enclosure design, and interior green building sustainable/LEED improvement assistance (See *Collection Plan-Special Service No.10*).

Green Building and Green Business Certification
The metrics for reporting and compliance for green building and green building certification is based on a point system. Based on the project and what is modified to accommodate the new waste management system. Points are given to achieve a "greener" environment. An increased number of points may allow a corporation to improve their green certification level. Green Business Certification involves responding to a check list and identifying waste volumes, business waste generation, and reduce, reuse, and recycling opportunities. As well as RRR's LEED certified Resource Recovery Experts, RRR has on its team AAI, architects who have certified professionals that can provide the metrics to the commercial companies as requested.

ISO 14000
ISO 14000 is a tool that can be used to control the **process** within an organization to meet both internal and external environmental objectives. Different industries are given different metrics. The metrics provide assurance that by following the processes what effects are on the environment. Internal assurances include the management and employees. External assurances include stockholders, vendors, and clients.

The RRE (Responsible Reporting Entity), AAI, has LEED certified professionals to report metrics to the commercial customers, as well as RRR's LEED certified Resource Recovery Experts. Commercial companies that have the ISO 14000 process should have an available list of requirements to assure maintaining the ISO 14000 rating.

Environmental Stewardship - Revolution Request

With its routing model, CNG fleet, and paperless and progressive programs focused on reuse, Revolution wonders how this score could possibly be lower than three of the City's finalists. Again, Revolution is asking the City to justify or adjust scoring on this item.

* The original communicaiton from Revolution Resource Recovery dated February 13, 2011, inluded a 13 page letter with an additional appendix for a total of 69 pages. This appendix consisted of excerpts from the RFP. For the purposes of this attachment, only the actual letter was included.