

City of San Ramon
Request for Proposals for
Collection and Processing Services
Answers to Proposer Questions #1

The purpose of this document is to answer questions submitted by potential proposers. All specifications, terms and conditions of this RFP not addressed by this or other formal addenda issued by the City of San Ramon remain unchanged.

Question 1

Question: Please confirm that commercial MSW collection will be awarded as an exclusive franchise service.

Answer: Yes. Commercial Solid Waste Collection will be awarded as an exclusive service. Exceptions to exclusivity are provided in Article 1.2 of the Draft Franchise Agreement, pages 2-4.

Commercial Recyclable Materials, Organic Materials, and C&D Collection will remain non-exclusive. Permitted collectors of those materials will continue to be allowed to provide and charge for service. As is the current practice, collectors of Commercial Recyclable Materials, Organic Materials, and C&D will be required to obtain permits from the City, submit quarterly tonnage reports, and remit fees equivalent to the exclusive hauler's franchise fee.

Question 2

Question: RFP for Collection Services, Section 3.1. Has the City considered that requiring all commercial organics, recyclables, and C&D to be included within the franchise would provide the best possible service to the customers, reporting and regulatory compliance to the City and best rate to the community?

Answer: The City has a long-standing policy of retaining non-exclusive commercial recycling and C&D services, which it intends to continue through the term of the new Franchise Agreement.

Question 3

Question: RFP for Collection Services, Section 3.1. a) If the City intends to maintain an open franchise system on commercial organics, recyclables, and C&D, will it mandate minimum performance and AB 901 reporting requirements, considering the current tonnage being managed outside of the incumbent's program has a (conservatively estimated) 14% diversion impact on the City's diversion rate?

Answer: The City intends to maintain a non-exclusive system for commercial Recyclable Materials, Organic Materials, and C&D, and the City will require non-exclusive collectors of these materials to provide all data necessary for the City to comply with all State solid waste laws and regulations. The non-exclusive collectors currently provide quarterly tonnage reports which include the processing facilities that the materials are taken to and the residue rates from those facilities. The non-exclusive haulers currently provide account information to the City to assist the City with AB 341 and AB 1826 monitoring and compliance. The City is planning to make minor revisions to the non-exclusive permit requirements, and to the solid waste sections of the Municipal Code, during 2019. These revisions will include enhanced reporting and performance standards for permitted non-exclusive commercial and C&D recyclers. The City is also considering changes to its C&D recycling ordinance, including a requirement that all mixed C&D debris be processed for recovery, even if the minimum diversion requirement for the project has already

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been met. San Ramon is also working with other jurisdictions on regional C&D recycling facility certification and diversion rate verification programs. Note that a significant portion of C&D debris is self-hauled by construction and demolition contractors and is not collected by either the current franchised hauler or the other permitted commercial/C&D haulers.

Question 4

Question: RFP for Collection Services, Section 3.1(b) - Would the City consider an exclusive (commercial and C&D) franchise bid, under the “Other Service Enhancements and Innovations”?

Answer: No. The City would not consider an alternative bid which would add commercial Recyclable Materials, Organic Materials, and C&D to the exclusive franchise. The City has a long-standing policy of competitive commercial recycling and C&D hauling. If the City ever did decide to change that policy and to make those services exclusive, the City would have to provide the existing permitted haulers with a five-year notice, per Public Resources Code Section 49520-49524. The City has not issued such a notice. If City were to issue a notice in 2018, the existing haulers would still have a right to operate until 2023.

The City anticipates that the franchised hauler will have a strong competitive advantage for commercial Recyclable Materials and Organic Materials collection services, as the franchised hauler will be providing those services at no additional charge for small quantities (up to 96 gallons per week for Organic Materials, up to one cubic yard per week for Recyclable Materials) and for no more than half the cost of Solid Waste service for higher service levels. Note that the non-exclusive recyclers are required to pay the same franchise fee rate as the franchised solid waste hauler.

Question 5

Question: RFP for Collection Services, Section 3.1, Figures 13-15. The RFP states in several spots “Higher volumes available from franchised hauler at rates no higher than 50% of solid waste rate.” (a) Shouldn’t the rates be reflective of cost of service and not limited by a percentage of a base rate?

Answer: The purpose of the rate limitation is to provide commercial customers with a financial incentive to recycle by ensuring that commercial Recyclable Materials and Organic Materials services are priced lower than Solid Waste services. Proposers will provide their actual cost of service in their proposals and commercial Solid Waste rates will be set with the intention of recovering all costs.

Note that the “no higher than 50% of solid waste rate” limit applies to commercial Recyclable Materials and Organic Materials only and not to C&D.

Question 6

Question: (b) Do non-franchise permitted haulers have the same rate limitations?

Answer: No. The non-franchise permitted haulers do not have the same rate limitations.

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Question 7

Question: (c) {Proposer} hopes to submit a bid that provides the best, most sustainable, program for the City of San Ramon. As part of our research for this RFP we have attended and reviewed trade association workshops and state agency presentations where well-regarded consultants, such as HFH Consultants, LLC have provided information to encourage jurisdictions to follow the ‘cost of service’ rate model to reflect the true cost of recycling and composting. As presented, these true cost programs can prevent a ‘death spiral’ of hauling operations by depending on the shrinking revenue of the disposal component to fund recycling and composting. Would the City consider a true cost of service program, which would prevent the death spiral, under the “Other Service Enhancements and Innovations”?

Answer: The City may be open to discussing rate structure alternatives with the selected contractor, to the extent that doing so is in the best interests of the City and its ratepayers. In order to comply with the requirements of the RFP, all proposers must submit technical and cost/rate proposal information for the Base Services, and Required Alternative Services in the form presented in the RFP and Cost Proposal Forms, which assumes the rate structure specified in the RFP. Any proposer wishing to propose an alternative rate structure would need to do so using a separate set of Base Services cost forms, indicating such revised structure. The reason for this is that it may not be possible to equitably evaluate proposals from different proposers if each one proposed a different rate structure.

Note that the City intends to utilize rate structures as a financial incentive for customers to source separate, and not to rely solely on the enforcement of recycling mandates to encourage source separation. The City considers the commercial rate structure specified in the RFP and draft franchise agreement as a step towards true cost-of-service rates, particularly when compared to other agencies that offer all commercial recycling and composting services at no cost to the customer. How San Ramon’s rate levels and rate structures will compare to those of neighboring jurisdictions will be a consideration for the City during the selection process.

It is also the City’s objective to avoid simultaneously implementing the new Franchise Agreement while also restructuring rates, if possible. For purposes of communicating proposed rate impacts to customers and decision makers, it is preferable to be able to explain standard, uniform changes in rates at the beginning of a new franchise than rate changes with different impacts for different customers due to a significant change in rate structure.

Question 8

Question: RFP for Collection Services, Section 3.1, Figures 13-15. How many current San Ramon residents utilize Back-yard/Side Yard services?

Answer: Twenty-two (22). Of the twenty-two Back-Yard/Side-Yard customers, only one is paying the premium rate. The other twenty-one (21) customers receive this service at no additional charge due to physical disability.

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Question 9

Question: What are the current service levels for Alternative Service Location for Disabled Single-Family Customers?

Answer: Twenty-one (21).

Question 10

Question: RFP for Collection Services, Section 5.4.6. Can you please define “independent management structures” as used in the sentence, “With regard to the items requested in this Section 5.4.6, proposers who operate in multiple counties or states with independent management structures need only report such actions relative to the operations in the San Francisco Bay Area”?

Answer: “Independent management structures” refers to corporate structures which separately recognize management teams in a certain District, Region, or Market Area. The City is requesting information regarding operations managed by the same management team that would manage San Ramon, if the proposer were selected.

Question 11

Question: (a) Can you clarify what is meant by San Francisco Bay Area? For example, is it intended that the geographic area include the locations of all facilities that could or would be used as relates to this RFP, including those that the City currently contracts with for relevant services?

Answer: San Francisco Bay Area means the nine counties that border the San Francisco Bay: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma.

Question 12

Question: RFP for Collection Services, Section 5.4.6. The RFP currently states “...proposers who operate landfill facilities need not disclose information about those facilities, as they are beyond the scope of the services requested here.” Will the City consider the close operational nature of several landfills, transfer stations, and compost facilities and how failures of any one of those operations, including landfills, can directly impact hauler operations and other local facilities?

Answer: No. The scope of services does not include landfill services so proposers need not disclose information about their landfill operations.

Question 13

Question: (a) Given the close operational nature of landfills, transfer stations, and compost facilities, will the City considered requiring disclosure of problems at landfill operations as a part of this RFP in order to allow proposers to consider the impact of those operations on prosed collection services?

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Answer: No. The scope of services does not include landfill services so proposers need not disclose information about their landfill operations.

Question 14

Question: (b) If there are co-located operations, such as transfer stations and/or compost facilities at or near landfills, will the City expect the proposer to segregate out information related exclusively to the landfill operations in responding to Section 5.4.6?

Answer: No. The City only requires information about compost and recycling facilities, since those services are included in the RFP. Proposers who have compost and/or recycling facilities co-located at a transfer station or landfill may choose to segregate out information regarding the transfer and landfill operations, or may choose to submit combined information.

Question 15

Question: (c) How will the impact of potential future deficiencies at the current contracted disposal and composting sites be mitigated for the future contracted hauler?

Answer: Article 2.5 of the Post-Collection Agreement with Republic Services states that “If for any reason, CONTRACTOR’S Vasco Rd. Sanitary Landfill becomes unavailable to the City ...Contractor will provide the City with the same Gate Rate ...at the transfer station in Martinez (which includes transfer to and disposal at the Keller Canyon Landfill) that the City would have been charged at Contractor’s Vasco Road Sanitary Landfill and shall also reimburse City for any additional transportation costs associated with delivery to the alternate landfill site.” The First Amendment to the Post-Collection Agreement names the Newby Island Compost facility as an approved facility and therefore it is an alternative composting site if the Forward Composting Facility were unavailable. The Second Amendment also contains a rate for Organic Materials delivered by the City’s designated hauler directly to the approved composting facility in the event that the Vasco Rd. Landfill is not available as a transfer location.

Question 16

Question: (d) Should deficiencies occur, how will the City manage the resulting liabilities as they pertain to the future contracted hauler?

Answer: Article 2.5 of the Post-Collection Agreement with Republic Services states that “If for any reason, CONTRACTOR’S Vasco Rd. Sanitary Landfill becomes unavailable to the City ...Contractor will provide the City with the same Gate Rate ...at the transfer station in Martinez (which includes transfer to and disposal at the Keller Canyon Landfill) that the City would have been charged at Contractor’s Vasco Road Sanitary Landfill and shall also reimburse City for any additional transportation costs associated with delivery to the alternate landfill site.” The First Amendment to the Post-Collection Agreement names the Newby Island Compost facility as an approved facility and therefore it is an alternative composting site if the Forward Composting Facility were unavailable. The Second Amendment also contains a rate for Organic Materials delivered by the City’s designated hauler directly to the approved composting facility in the event that the Vasco Rd. Landfill is not available as a transfer location.

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Question 17

Question: RFP for Collection Services, Section 5.6.1. What constitutes hard to service? For example, does a multi-family complex with private roads constitute hard to service?

Answer: There are currently 489 homes on the hard-to-service route. These are townhouses and high-density single-family homes often collected from private streets, driveways, and alleyways. They are all serviced using standard carts.

There are several newer developments in San Ramon which feature “motor courts”: six or more homes (townhouses or high-density single-family) clustered around a shared, dead-end, private driveway. The garages for the homes all open onto the motor court. There are also newer developments with private open-ended alleys behind the homes where all of the garages open to the alley and carts are collected from the alley.

Some of the motor court developments are serviced on the hard-to-service route. However, most of them are serviced on the regular fully-automated side-loader routes, with residents bringing their carts out from the motor courts to the nearest public street for collection. In most of these developments the customers currently only have two carts: Solid Waste and Recyclable Materials. For three-cart Alternatives, proposers may wish to consider expanding the hard-to-service route in order to accommodate the increased number of carts and collect more of them from the motor courts as opposed to the public streets. Most of the motor court and alley developments are located in the Wednesday collection area in Gale Ranch.

Question 18

Question: (a) Are there are detailed specifications available or required for the vehicles for the hard to service routes?

Answer: The hard-to-service routes are currently collected using standard rear-end loaders. Proposers are required to provide specifications for all vehicles to be used under the new Franchise Agreement in accordance with Section 5.5 of the RFP, and the Cost Proposal Forms.

Question 19

Question: How many Multi-family Dwelling Units are in the service area?

Answer: There are 40 multi-family complexes in San Ramon containing a total of 7,105 dwelling units. Please see the “Account Data” provided on the RFP website for detailed information about the multi-family dwellings including the number of units per complex, service levels, and the number of enclosures per complex.

In addition to the multi-family dwellings identified in the RFP data, there are 2,520 townhouses which have individual cart service but no Organic Materials carts. The townhouses are also identified in the “Account Data” provided on the RFP website.

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Question 20

Question: Current Agreements, Disposal Agreement and Amendments. Does the City have any tonnage, or other minimum capacity/payment etc., requirements for the existing disposal or composting contracts?

Answer: No. The City does not have any minimum capacity/payment (“put-or-pay”) requirements for the existing disposal and composting contract.

Article 2.4 of the Post-Collection Agreement states that “City shall direct to Contractor’s Landfill Facility all Franchise Solid Waste collected in City’s Franchise area pursuant to a franchise agreement with the City.”

Article 8.18 of the Post-Collection Agreement states that “City anticipates that it will continue to develop and participate in source-reduction and resource recovery and recycling programs within its jurisdiction which are likely over time to reduce the amount of Franchised Solid Waste which requires disposal at landfills. Nothing in this Agreement shall restrict City from any such source reduction and recycling activities.”

For mixed waste processing proposals, the residue from the mixed waste processing of San Ramon materials would need to be disposed of at the Vasco Rd. Landfill. Proposers would need to indicate how they would allocate the residue from their mixed waste processing facilities to determine how much was from San Ramon and would need to be disposed of at the Vasco Rd. Landfill. For the optional Wet/Dry Alternative Service proposals, residue from processing the Dry materials would need to go to the Vasco Rd. Landfill. The Wet materials will consist of source separated Organic Materials so residue from processing Wet materials would not be required to be disposed of at the Vasco Rd. Landfill.

Section 12.22 of Amendment 2 to the Post-Collection Agreement states that “City shall direct its Designated Hauler to deliver all residential Organic Materials to Contractor’s Landfill Facility (for transfer the compost facility) or directly to the Approved Compost Facility (per amended Article 12.7) for the Term of this Agreement as extended.” The collection contractor would need to deliver all Organic Materials from Single-Family Dwellings to the Vasco Rd. Landfill for transfer to the Forward Composting Facility. Alternatively the contractor could deliver the Single-family Organic Materials directly to the Forward Composting Facility. Proposers must also propose a composting facility for Organic Materials collected from Commercial and Multi-Family Customers.

The City has directed the current franchised hauler to deliver all source separated yard trimmings and compostable street sweepings collected from City facilities and operations (1,500 – 2,000 tons per year) to the Vasco Rd. Landfill for transfer to the Forward Composting Facility, at the same gate rate as residential Organic Materials. The City anticipates continuing this practice throughout the next franchise agreement.

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Question 21

Question: (a) If so, what are those minimums? In the event those minimums are not satisfied whose responsibility are those to manage and/or pay for?

Answer: There are no minimums.

Question 22

Question: Will there be a requirement to deliver residue from the processing of recyclables and/or organics to be delivered to VASCO?

Answer: No. Provided that the Recyclable Materials and Organic Materials were source separated. Article 2.4 of the Post-Collection Agreement with Republic Services (Vasco Rd. Landfill) states that “the parties understand that reasonable quantities of solid waste residue will be generated from the processing of recyclables or green waste and will not be directed to Contractor’s Landfill Facility.” Note that the Draft Franchise Agreement specifies a maximum residue rate of 15% for Recyclable Materials and 30% for commercial Organic Materials.

The residue from processing mixed Solid Waste would need to be delivered to Vasco Rd. Landfill. Under the optional Wet/Dry Alternative proposal the residue from processing mixed “Dry Waste” would need to be delivered to the Vasco Rd. Landfill.

Note that all Organic Materials collected from Single-Family Dwellings pursuant to the agreement will need to be delivered to Vasco Rd. Landfill for transfer to the Forward Composting Facility per the Post Collection Agreement. Contractor will need to provide processing capacity for Commercial/Multi-Family Organic Materials. Processing residue from Commercial/Multi-Family Organic materials (or “Wet Waste” under the optional Wet/Dry Alternative) would not have to be delivered to the Vasco Rd. Landfill, as those streams will consist of source separated Organic Materials.

Question 23

Question: Current Agreements, Disposal Agreement and Amendments, Article 12. Organic Materials Composting Services, 12.2. How is the contamination rate of the organic material tested, measured, recorded, or otherwise documented at Vasco Landfill?

Answer: There is a dedicated bunker at the Vasco Rd. Landfill for franchised Organic Materials from San Ramon. Spotters/traffic directors at Vasco Rd. visually inspect the Organic Materials when they are tipped into the bunker. In addition the loader operator visually inspects the Organic Materials when loading them from the San Ramon bunker into the transfer vehicles. At the Forward Composting Facility there are sorters on the tipping floor who remove contaminants from inbound Organic Materials. Because the San Ramon organics are not commingled with other materials at Vasco Rd. or in the transfer vehicles, the sorters at Forward can determine which contaminants came from the San Ramon loads. Any excessively contaminated loads are photographed, and the photos are sent to the City and the Contractor.

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Question 24

Question: Draft Franchise Agreement, Exhibit J: Cart Specifications. How does the City intend to use the RFID cart information collected by the contractor's operation? How long must that data be stored by the contractor?

Answer: The City will not likely be requiring the selected Contractor to collect any data using the RFID tags by the Commencement Date. As a result, the Contractor will not be required to install RFID readers on its vehicles. The RFID tags are being required in the containers so that the City and/or the contractor will have the option to use them in the future. It is the City's objective to have the RFID tags installed in the containers when they are first purchased, rather than add them later to containers already in use in the field. If the City decides, during the term of the agreement, to require the use of the RFID tags, the implementation cost and data storage requirements will be discussed at that time.

Potential purposes for the RFID tags include tracking container inventory and assigned service locations and verifying collections. The City anticipates conducting a "pay-per-set-out" pilot at some point during the term of the agreement to determine the feasibility of basing a portion of a customer's bill on the actual number of collections per month. The City may also consider a "pay-per-pound" pilot program during the term of the agreement. The RFID tags could be used for these pilot programs.

Question 25

Question: (a) If another system could be used to meet the goal reporting, tracking etc., of the City instead of RFID, could that be considered under the base proposal?

Answer: The base proposal must include the cost of the RFID tags in the containers. Proposers could submit an alternative container tracking system under the optional "Other Service Enhancements and Innovations" alternative. The proposer would need to itemize the incremental cost difference between the proposed system and the RFID tags, describe the proposed system, and why they are recommending it over the RFID.

Question 26

Question: 10. Draft Franchise Agreement, Article 4.10. What are the goals of the City for which they would require read-only access to customer service records?

Answer: There are three primary goals for the read-only access to customer service records:

Commercial and Multi-Family Technical Assistance

The City will work in partnership with the Contractor to provide outreach and technical assistance to multi-family and commercial customers. The City will employ a full-time recycling coordinator and/or technical assistance consultants to work as a team with the Contractor's employees to provide this critical function. It will greatly facilitate this process if the City staff/consultants working on technical assistance have access to customer contact information and customer data regarding collection days (so they can observe the

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contents of bins when full), service levels (so they can adjust them as appropriate) and customer bills (so they can determine the cost impact to the customer of changing service levels, adding recycling, etc. when providing recommendations to the customer.)

Contract Compliance

Read-only access will enable the City to verify that the Contractor is meeting contractual obligations such as charging no more than the maximum approved rates, providing rebates to customers for late collections and late cart deliveries, accurately reporting the number of complaints received, etc.

Resolving Customer Complaints

The City handles complaints regarding solid waste and recycling services from customers who have first contacted the Contractor but were not satisfied with the result. It would be helpful to City staff handling customer complaints to be able to see a customer's service information, rates, service levels, collection day, call history, etc. For example, if a customer contacts the City and claims that they called the Contractor four times with no response, it would be useful for the City to be able to verify whether the Contractor has any record of that customer calling them. If the Contractor has already scheduled a resolution to a customer's complaint, it would be useful for the City to be able to look that up and inform the customer, without having to first contact the Contractor and then call the customer back.

Question 27

Question: (a) Are daily reports to City Staff an acceptable way to provide the City read-only access to customer service software, given the high standards of security and privacy we must uphold for customer financial information that is stored on our software?

Answer: No. Daily reports will not be accepted as an alternative to read-only access. While the City may need to verify customer rates, billing, and payments, the City does not need or want any private customer financial information such as credit card numbers, bank account numbers, social security numbers, etc. The Contractor will be expected to block such information from the City's read-only capabilities.

Question 28

Question: (b) Has the City considered privacy concerns of its residents by requiring the contractor sharing customer contact information? If so, what will the City do to help the contractor respect those privacy concerns?

Answer: The City is requesting customer contact information from the Contractor for the purposes of outreach, technical assistance, and customer surveys. The City does not need or want any private customer financial information such as credit card numbers, bank account numbers, social security numbers, etc. The Contractor will be expected to block such information from the City's read-only capabilities. The City welcomes the opportunity to discuss protecting customer contact information with the selected proposer.

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Question 29

Question: 11. Draft Franchise Agreement, Article 5.12 Diversion Requirements. (a) Please clarify if the 50% diversion requirement for the Base Proposal is for tons actually recycled by total tons collected, and does not include any source reduction.

Answer: Yes. The calculation to determine compliance with the 50% diversion requirement is annual tons actually recycled or composted (subtracting landfilled processing residue) divided by total annual tons collected. It does not include any source reduction.

Note that any “beneficial use” at a landfill (e.g. ADC) will be considered landfill disposal for purposes of this calculation.

Question 30

Question: (b) Please clarify if the final diversion requirement will be determined (following selection of the final service package) by tons actually recycled by total tons collected, and does not include any source reduction.

Answer: Yes. The calculation to determine compliance with the final diversion requirement will be annual tons actually recycled or composted (subtracting landfilled processing residue) divided by total annual tons collected. It does not include any source reduction.

Note that any “beneficial use” at a landfill (e.g. ADC) will be considered landfill disposal for purposes of this calculation. Proposers may propose increasing the diversion requirement gradually over the term of the agreement.

Question 31

Question: (c) Please confirm that this is **not** the AB 939 diversion rate methodology (that includes all tons generated including source reduction in the City and all tons disposed of by the City), but is based on actual tons recycled and actual tons disposed of.

Answer: The diversion requirement is not calculated using the AB 939 diversion rate methodology.

Question 32

Question: Page 32 of the Draft Franchise Agreement also states that the contractor shall divert at least 50% of recyclables collected in The City including material collected by other service providers. In this instance the contractor will have NO control over the materials collected by others. Please comment on this, as this condition appears to put the contractor at potential failure and subsequent substantial liquidated damages.

Answer: The intent of allowing the Contractor to include materials collected by the other permitted commercial/C&D recyclers in the minimum diversion rate calculation is to assist the Contractor in meeting

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the 50% overall diversion requirement. The City recognizes that the Contractor will be required to collect all Solid Waste but does not control all commercial Recyclable Material, Organic Material, and C&D, the large majority of which the City expects to be diverted. That is why the City decided to allow the Contractor to count permitted third party diversion.

Question 33

Question: (d) How do third party commercial haulers report these tons in the open permit system to the franchise hauler to comply with this section?

Answer: The third party commercial haulers will report tons quarterly to the City, and the City will add their collected and diverted tons to the franchised hauler's collected and diverted tons to determine the overall diversion rate. As the third party haulers only collect source separated recyclable and compostable materials - and are required to recycle at least 50% of the C&D they collect - adding their tonnages to the franchise hauler's is anticipated to increase the overall diversion percentage.

Question 34

Question: Page 32 of the Draft Franchise Agreement states that the contractor will demonstrate compliance with AB 341, AB 1826, but does not mention SB 1383. Does The City intend to transfer its obligations under these laws to the contractor? In other words, besides providing the required collection services these laws anticipate, does The City anticipate transferring potential fines levied by the State to the contractor?

Answer: The final Agreement will require the Contractor to demonstrate compliance with SB 1383 as well as AB 939, AB 341, and AB 1826. The provision on page 32 of the Draft Franchise Agreement refers to the Contractor providing documentation of customer subscription to diversion services. Separately, Section 9.1.D indemnifies the City against fines resulting from Contractor's failure to perform services required by the Franchise Agreement.

Question 35

Question: Page 40 (Section D) of the Draft Franchise Agreement, speaks to the contractor's obligation to meet its obligations under this agreement. Please explain the intent of this section.

Answer: The Contractor shall be required to indemnify the City against all fines and/or penalties imposed by CalRecycle, if the requirements of AB 939, AB 341, AB 1826, and/or SB 1383 are not met by the Contractor with respect to the waste stream Collected under this Agreement, and such failure is: (i) due to the failure of Contractor to meet its obligations under this Agreement; or, (ii) due to Contractor delays in providing information that prevents Contractor or City from submitting reports to regulators in a timely manner.

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Question 36

Question: (e) Contractor shall demonstrate compliance with AB 341 and AB 1826 with quarterly reporting. Will this same provision be used to demonstrate compliance with SB 1383?

Answer: Yes. This same provision will be used to demonstrate compliance with SB 1383. The intent of this requirement is for the Contractor to report to the City on a quarterly basis which customers are receiving Recyclable Materials and Organics Materials services from the Contractor. For those customers who do not receive Recyclable Materials and Organic Materials services from the Contractor, the Contractor will provide an explanation as to why not.

In determining compliance with the diversion requirements, the City will prioritize the metric of ensuring that all customers have Recyclable Materials and Organic Materials collection services over the diversion percentage metric. The City believes that the metric regarding services provided can be more readily controlled and accurately tracked by the Contractor (and more effectively verified by the City) than tonnage-based diversion percentages.

If a proposer proposes to utilize mixed waste processing to meet SB 1383 requirements, that proposer would have to demonstrate that its processing facility meets the requirements of the final approved SB 1383 regulations and the State definition of “high diversion processing facility”. If selected, that Contractor would have to demonstrate that their facility meets SB 1383 regulations on an ongoing basis throughout the term of the agreement, reporting at least quarterly.

Question 37

Question: Page 32 of the Draft Franchise Agreement states that the contractor will divert at least 85% of recyclables collected in the city. Given the current “China crisis”, what allowances will The City make to the potential freeze on sales of mixed paper to China?

Answer: A proposer’s demonstrated ability to market collected recyclables, and to meet the new restrictions on recyclables exported to China, will be an important consideration in the selection process. The City may, in its sole option, consider alternative arrangements, considerations, and franchise terms provided in accordance with Section 5.8 of the RFP.

Question 38

Question: (f) The current contract states the contractor may refuse to collect an Organic Materials Container that contains more than ten percent (10%) by volume of prohibited materials. In addition to source-separation programs, a contractor may propose an option where the residual rate may vary but can demonstrate SB 1383 compliance. Could the draft Agreement be modified accordingly to reflect a contractor must meet SB 1383 compliance and not a specific residual rate?

Answer: The 10% contamination prohibition on Organic Materials containers comes from the draft SB 1383 regulations and only applies to source separated Organic Materials. It would not apply to a container of Solid Waste whose contents would subsequently be processed to recover Organic Materials.

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Note that every Proposer must submit a Base Proposal and a Mandatory Three-Stream Alternative proposal which include source separated Organic Materials collection. The optional Two-stream (Wet/Dry) Alternative proposal requires that the “wet” stream consist of source separated Organic Materials. Therefore, the 10% contamination prohibition would apply to containers of “wet” materials. It would not apply to containers of “dry” materials.

For the optional Three-Stream plus Mixed Waste Processing Alternative proposal the 10% threshold would apply to the source separated Organic Materials and Recyclable Materials Containers, but not to the Solid Waste Containers.

If an unsolicited alternative proposal to utilize Mixed Waste Processing instead of source separation were selected by the City, then the SB 1383 requirements for Mixed Waste Processing would apply and the franchise agreement would be worded accordingly. The City understands the current draft (as of March 12, 2018) SB 1383 requirements are:

“On and after January 1, 2022, at least 50 percent of the organic waste received from mixed waste collection services, calculated on a monthly basis, shall be removed from the mixed waste organic collection stream and sent for additional processing or recycling.... On and after January 1, 2025, at least 75 percent of the organic waste received from mixed waste collection services shall be removed from the mixed waste organic collection stream and be sent for additional processing or recycling, calculated on a monthly basis.”

Under the current draft regulations, the City understands that the SB 1383 “high diversion” facility requirements would not apply to Solid Waste processing under the Three-Stream plus Mixed Waste Processing optional Alternative because the SB 1383 requirements would already have been met by providing each customer with an Organic Materials cart. Any additional Organic Materials recovered through Mixed Waste Processing in this alternative would be above and beyond SB 1383 compliance.

Please note that all references to the current draft of SB 1383 regulations refer to information which was available as of the drafting of this document. Proposers are responsible for following and understanding subsequent drafts as they are released by CalRecycle.

Question 39

Question: Draft Franchise Agreement, Articles 4.10 and 10.4. Would the City be willing to enter into a non-disclosure agreement with regard to records accessed pursuant to Articles 4.10 and 10.4 of the Draft Franchise Agreement? If not, what is the City’s plan for safeguarding private customer information and proprietary Contractor information?

Answer: The City may consider alternative franchise language provided and evaluated in accordance with Section 5.8 of the RFP.

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Question 40

Question: Draft Franchise Agreement, Article 5.7 Would the City be willing to provide written confirmation of approval and/or disapproval for Key staff members proposed pursuant to Article 5.7 F of the Draft Franchise Agreement?

Answer: The City may consider alternative franchise language provided and evaluated in accordance with Section 5.8 of the RFP.

Question 41

Question: Draft Franchise Agreement, Article 5.11. With regard to requiring local purchasing of certain materials pursuant to Article 5.11 of the Draft Franchise Agreement, would the City be willing to provide exception in times of emergency or shortage?

Answer: The City may consider alternative franchise language provided and evaluated in accordance with Section 5.8 of the RFP.

Question 42

Question: Draft Franchise Agreement, Article 6.1. With regard to the 10-year minimum document retention requirement pursuant to Article 6.1 of the Draft Franchise Agreement, would the City be willing to reduce that time?

Answer: The City may consider alternative franchise language provided and evaluated in accordance with Section 5.8 of the RFP.

Question 43

Question: Draft Franchise Agreement, Article 9.1. With regard to the indemnification requirements pursuant to Article 9.1 of the Draft Franchise Agreement, would the City be willing to provide reciprocal indemnification to Contractor?

Answer: The City may consider alternative franchise language provided and evaluated in accordance with Section 5.8 of the RFP.

Question 44

Question: Draft Franchise Agreement, Article 10.2 .With regard to the time requirements for curing events of default pursuant to Article 10.2 of the Draft Franchise Agreement, would the City be willing to modify the times specified?

Answer: The City may consider alternative franchise language provided and evaluated in accordance with Section 5.8 of the RFP.

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Question 45

Question: Draft Franchise Agreement, Article 10.6 & 10.9. With regard to Article 10.6 B. of the Draft Franchise Agreement, by stating that the decision of the City Contract Manager, regarding liquidated damages, shall be final and Contractor shall not be subject to, or required to exhaust, any further administrative remedies, is it the City's intent that Contractor would then be free to pursue a legal action against City or does Contractor still have to follow the dispute resolution procedure in Article 10.9?

Answer: In the event of dispute between the City Contract Manager and the Contractor regarding the interpretation of or the performance of services under this Agreement which results in a material impact to the Contractor's revenue and/or cost of operations, as defined in Section 5.9 of the Draft Franchise Agreement, the provisions of Section 10.9 of the Draft Franchise Agreement shall apply.

Question 46

Question: Page 33 of the Draft Franchise Agreement, section 5.13 states that if a customer calls to complain about a missed service, that the customer will be presumed correct, irrespective of any evidence. Section 4.9.2 and 4.9.3 on page 18 of the Draft Franchise Agreement also detail missed collections. Given the current and advanced technology, such as GPS and RFID tags, there could be overwhelming evidence that in fact the cart was not out.

Answer: The City's understanding is that current technology is not yet accurate enough to confirm in all cases whether a cart was set out or properly collected with 100% certainty. The City may consider alternative franchise language provided and evaluated in accordance with Section 5.8 of the RFP.

Question 47

Question: Returning to provide the service at no additional cost is understandable; however, giving an automatic credit to the customer is leaving open the possibility of customers sharing with their neighbors and friends this opportunity, and would not be covered by the habitual reoccurrence clause.

Answer: While the Customer Refunds for Late Collections may create a financial incentive for customers to falsely report missed collections in order to obtain the rebate, the City believes this would be a very infrequent occurrence. The refund is only owed if the missed collection is not picked up on the scheduled collection day. The City may consider alternative franchise language provided and evaluated in accordance with Section 5.8 of the RFP.

Question 48

Question: By the way this is written, could liquidated damages apply?

Answer: The City places a high value on customer service and on-time collections. Liquidated damages for missed collections would apply in three instances:

If the contractor did not pay a customer a required rebate;

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If the total number of missed collections exceeded the acceptable performance level (more than 10 missed collections per 1,000 service opportunities) set in the franchise agreement;

If the Contractor failed to correct missed collections in the time required, above the acceptable performance level (more than once per 100 missed collections).

These liquidated damages can be found in Exhibit F of the draft Franchise Agreement. They are items #1, #2, and #3 on page F-1.

Since the agreement considers all missed collection complaints to be actual missed collections, the acceptable number of missed collections was set at a high level (10 per 1,000 service opportunities) with the consideration that some of those complaints may be inaccurate. The City's goal is to have missed collections and late collection rebates be very rare occurrences, and liquidated damages rarer still.

The City may consider alternative franchise language provided and evaluated in accordance with Section 5.8 of the RFP.

Question 49

Question: Page 35 of the Draft Franchise Agreement, Article 7, City fees, state that the city franchise fee and AB 939 fees are treated as a pass through expense. Is the Vehicle Impact Mitigation Fee a pass through cost? Will the HHW fees be treated as a pass through cost? There is no mention in Article 7.

Answer: Yes. The Vehicle Impact Mitigation Fee and the HHW fee are also considered pass-through costs.

Question 50

Question: Page 36 of the Draft Franchise Agreement mentions "SB 1383 Fee Eligible Revenues". Please provide additional information. There is no description in the Definitions.

Answer: The City has decided not to implement an "SB 1383 Fee." This reference to "SB 1383 Fee Eligible Revenues" is no longer relevant, and will be deleted in the final franchise agreement.

Question 51

Question: Page 38 of the Draft Franchise Agreement, Section 8.3 refers to Extraordinary Rate Adjustments. First, is China's change in law regarding acceptance of mixed paper considered a change in law for purposes of this section? Secondly, is SB 1383, (which details have not yet been fully worked out) considered a change of law for section 8.3? Please expand on the phrase "contractor will pay all reasonable costs." Is there a cap on these expenses the contractor will be obligated to pay? How much is the Contractor supposed to pay and is this an allowable expense if the request is reasonable, due to change in law or City directed change in scope? There is potential where the cost to the Contractor is more than the requested change in compensation.

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Answer: Changes in law are limited to events which occur on or after the Effective Date of the Franchise Agreement. Due to the fact that the Contractor is not required to request an extraordinary rate adjustment, if such a request is made, the Contractor will be responsible for reasonable costs incurred by City (including the costs of outside accountants, attorneys, and/or consultants) in order to review the requested adjustment.

Question 52

Question: For the required alternative proposal for Recycling Drop-Off Events, will all materials listed (electronic waste, universal waste, confidential documents, clothing, textiles, reusable items, yard trimmings, clean wood, scrap metal, and recyclable materials) be required to be collected at each event, or will it be at the discretion of the contractor to determine which materials will be collected at each of the 4 annual events?

Answer: All materials listed in the RFP for the recycling events would need to be collected at each event. The intent of the City is for the four events to differ in location, not in materials accepted, so that each part of the City has convenient access to recycling of all of the same materials. The City is also requesting pricing per event (assuming the same materials accepted at each event) so it may select fewer than four events per year if the cost of four events is prohibitive. Therefore each event should accept the same materials and have the same per-event price.

Question 53

Question: Draft Franchise Agreement Exhibit B. Page B1-5, B1-6 and B2-4: prohibited materials states, “or any single item (e.g. large auto parts, etc.) that exceeds sixty (200) lbs. in weight”. Please correct the inconsistency with maximum allowable item weight for neighborhood/bulky cleanups.

Answer: It should read “Two Hundred (200) lbs. in weight.”

Question 54

Question: Please clarify Bulky single item weight limit. Exhibit B1-7 references prohibited materials including “single item that exceeds sixty (200) lbs., which exceeds weight limit for drivers to handle safely.

Answer: It should read “Two Hundred (200) lbs. in weight.” The intent of the 200 lb. per item weight limit is to allow residents to set out true Bulky Items such as appliances, furniture, mattresses, and rolls of carpet. The 60 lb. weight limit in the current franchise agreement excludes many of those items. A refrigerator typically weighs over 175 lbs. A clothes dryer typically weighs between 100-150 lbs. A queen-sized mattress weighs approximately 70 lbs. and a king-size mattress weighs over 90 lbs. Most cities in the region provide collection of these types of Bulky Items in their franchise agreements and their haulers have found ways to safely collect them. Please propose a method to safely collect Bulky Items in a manner that maximizes their potential for reuse and recycling.

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Question 55

Question: Please clarify Customer Service location expectation- physical phones or store front for collecting payments and addressing questions within 30 miles?

Answer: The Customer Service location expectation is for physical phones only, and does not include a store front. The City prefers that the physical call center be located no more than 30 miles from San Ramon. If a proposer is proposing a call center that is more than 30 miles from San Ramon, the proposer must also quote the additional cost to provide a call center within 30 miles. A local store front for collecting payments and addressing questions is not required or expected in the RFP. There is no such local store front now.

Question 56

Question: Does Neighborhood Clean-up days' tonnage reported in Figure 4 of the RFP correspond to the collection service described in Large Item Collection Service in Section 7.07 of Waste Management's current franchise agreement?

Answer: Yes. Note that in addition to the Neighborhood Clean-up Days, the current franchise agreement also provides for on-call collection of Bulky Items for a fee. In 2017 Waste Management performed 52 paid on-call Bulky-Item collections in San Ramon. Total revenue from these collections was \$7,752.34.

The current On-Call Bulky Item collection rates can be found on the RFP webpage under RFP Attachments, #2 2018 Approved Customer Rates, "Bulky Items – On-Call Special Collection."

Question 57

Question: Please provide a list and service levels for all special events (C-14)?

Answer: Currently the only regularly scheduled special event for which the City requires Contractor containers and services is the annual Art and Wind Festival which is held on Memorial Day and the preceding Sunday each year (May 27 and 28 for 2018.) Typical attendance is approximately 15,000 over the two days.

Service levels for the Art and Wind Festival are provided in Exhibit B5 of the draft Franchise Agreement. They are provided below as well:

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| City of San Ramon Anticipated Special Events | | | | |
|--|---|--------------|------------------------|---|
| Event Name | Estimated Annual Date | Location | Container Size / Type | Container Number |
| Art and Wind Festival | Memorial Day and the preceding Sunday each year | Central Park | 30 cubic yard Drop Box | 2 Recyclable Materials 2 Organic Materials 2 Solid Waste |
| Art and Wind Festival | Memorial Day and the preceding Sunday each year | Central Park | 64-gallon Cart | 65 Recyclable Materials 65 Organic Materials 65 Solid Waste |

City staff empties the materials from the carts into the drop boxes. Note that the City may add new special events in the future. On October 15, 2017 there was a multi-cultural event “Culture in the Community” at the San Ramon Community Center in Central Park from noon to 5:00 p.m. This event required 5 sets of carts (5 Recyclable Materials carts, 5 Organic Materials carts, and 5 Solid Waste carts) and no drop boxes. It may become a regular re-occurring Fall event in future years and may grow in attendance over time.

Question 58

Question: The RFP and the draft contract make a number of references to both 32 and 35 gallon carts. Will the City please clarify their preferred cart size?

Answer: 35 gallon.

Question 59

Question: With regards to the Audited Financial Statements, item 5.4.7.1 (page 43 of the RFP) states “All such statements are to be prepared in accordance with Generally Accepted Accounting Principles applied on a consistent basis and shall be audited in accordance with Generally Accepted Auditing Standards by an Accountant certified in the State of California and shall include a statement by the chief financial officer (CFO) of the entity(ies) that there has been no material adverse change in such condition or operations as reflected in the submitted balance sheet and income statements since the date on which they were prepared.” Our Company is a multinational, publicly traded in a foreign stock exchange. As such, our Financial Statements are public, presented under the international standard IFRS regulations – as applied in the EU, and audited by one of the Big 4 accounting firms. Will that suffice the requirement?

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Answer: Yes, that will fulfil the requirement.

Question 60

Question: Could you please provide the average percentage of vacant properties exempt from mandatory subscription?

Answer: There are currently eleven (11) properties that have been exempted from mandatory service. These properties have been exempted because they have been vacant for at least one month. They will no longer be exempt when they are occupied.

Question 61

Question: Could you provide tonnage reports, by day and by truck identification or load identification for the entire year 2017, for each waste stream that is tracked (garbage, recycle, etc.)?

Answer: The “December 2017 WMAC Monthly Report” on the RFP website contains monthly tons collected by material type for calendar year 2017. Truck or load level data is not readily available.

Question 62

Question: Could you please provide a copy of the last six months’ invoices?

Answer: Total customer rate revenue (gross receipts) received by the current contractor for calendar year 2017 was \$14,325,206.34

Question 63

Question: Please confirm that if proposers are to employ union labor for collection services, then the proposers must incorporate in their bid the prevailing wages and all benefits under the current Local 70 Collective Bargaining Agreement.

Answer: In accordance with Section 3.3 of the RFP, the selected contractor will be required to offer wages and benefits which are commensurate with current compensation or in accordance with existing agreements with represented labor groups. There are no specific “prevailing wage” requirements in the RFP.

Question 64

Question: Page 30, items 3.1.1.1. and 3.1.1.2. Could you please provide the current collective bargain agreement?

Answer: The City will provide this information when available.

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Question 65

Question: Does the current collective bargaining unit include sorters or are they treated as subcontractors? Are they subject to prevailing wage requirements?

Answer: The current contractor's Collective Bargaining Agreement with Teamsters Local 70 includes drivers but does not include recycling sorters. There are no specific "prevailing wage" requirements in the RFP. The City is seeking a determination as to whether or not AB 1669 requirements regarding displaced employees would apply to the sorters at the current contractor's Recyclable Materials processing facility. The City will provide this determination when available.

Question 66

Question: Page 40, Item 5.4.2. Will similar experience outside of California be accepted in order to fulfill the collection experience requirement? Our Company has similar experience servicing Cities/Counties on a National and Global scale.

Answer: Yes. Similar experience outside California will be accepted. All proposers must demonstrate an understanding of California solid waste statutes and regulations, in particular AB 939, AB 341, AB 1826 and SB 1383. The latest information on SB 1383 and the draft regulations can be found at this URL:

<http://www.calrecycle.ca.gov/Climate/SLCP/>

The SB 1383 Draft Regulatory text from October 30, 2017 can be found at the following URL under "Documents":

<http://www.calrecycle.ca.gov/Actions/PublicNoticeDetail.aspx?id=2178&aiid=1987>

CalRecycle is anticipated to release the next version of the Draft Regulatory Text before the April 4, 2018 SB 1383 workshop. Please note that all references to the current draft of SB 1383 regulations refer to information which was available as of the drafting of this document. Proposers are responsible for following and understanding subsequent drafts as they are released by CalRecycle.

All proposers should describe how they will become familiar with San Ramon, its customers, and their unique service needs, and how they will customize their services to meet those customer needs. Proposers should demonstrate how they will integrate into the San Ramon community, and become our local hauling company regardless of where they are headquartered.

Question 67

Question: When will responses to questions be provided? Can you update the RFP schedule to include when responses are anticipated to be provided to bidders?

Answer: Please see RFP Amendment 2.