BEFORE THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF DECLARING METRO'S INTENT TO USE A CONVENTIONAL APPROACH FOR IMPLEMENTING THE WASHINGTON COUNTY TRANSFER STATION	)))))	RESOLUTION NO. 84-458 Introduced by the Regional Services Committee

WHEREAS, Metro has the authority under ORS 268.317 to construct, operate and maintain transfer facilities necessary for the solid waste disposal system of the District; and

WHEREAS, A transfer station to service Washington County is a recommended element of the adopted Solid Waste Management Plan; and

WHEREAS, Metro sought public input regarding a transfer station in Washington County and was subsequently advised by the Washington County Transfer Station Committee that a transfer station facility was needed in this area; and

WHEREAS, The firm of Price Waterhouse Co. was retained in 1980 and recommended that Metro ownership and operation, or contracting for the operation, of all transfer stations best met Metro's identified objectives; and

WHEREAS, Metro has experience with and has managed the design, and construction process and bid the operations of a transfer station in the southern portion of the District; and

WHEREAS, Metro wishes to maximize involvement of various groups such as the solid waste collection and recycling industry in developing the design of the transfer station; now, therefore,

BE IT RESOLVED,

1. That Metro declares its intent to build a transfer

station and recycling center in Washington County that will provide transfer and recycling services to both the public and commercial haulers.

2. That Metro solid waste staff will develop a process which provides maximum involvement from the solid waste industry and local governments regarding the location and design of the transfer station. Metro staff shall report to Metro Council monthly on this involvement process and inform the Council of all design and operation suggestions.

3. That Metro solid waste staff will consult with haulers in the western portion of the District to coordinate current or future site requirements of the collection industry.

4. That Metro solid waste staff will issue a Request for Proposals to select a firm with the experience to design the transfer station.

5. That Metro will use the plans developed by the engineering firm to solicit bids for constructing the facility, and that the Metro Executive Officer will provide information about the cost of operations to the Council before awarding construction contracts.

6. That Metro will request quotes from experienced firms to operate the facility for an established period.

ADOPTED by the Council of the Metropolitan Service District this _____ day of _____, 1984.

NOT ADOPTED

Presiding Officer

DD/ef
0768C/366
03/12/84

RESOLUTION NO. 84-458

STAFF REPORT

Agenda Item No. 8.1

Meeting Date March 22, 1984

CONSIDERATION OF PROCUREMENT OPTIONS FOR IMPLEMENTING THE WASHINGTON COUNTY TRANSFER STATION

Date: January 27, 1984 Presented by: Solid Waste Staff

FACTUAL BACKGROUND AND ANALYSIS

With the passage of Resolution No. 83-439, Metro committed to proceed with developing the Washington County Transfer Station. The Council directed staff to research and provide detailed information regarding a full service procurement strategy. This process would be considered as one approach to designing, constructing and operating the facility. The other approach to be considered for procuring publicly-owned facilities is to follow the Clackamas Transfer & Recycling Center (CTRC) model or conventional method. A third approach known as a turnkey is used when the public agency wishes to have one party design, construct and start up the plant prior to turning it over to the agency for operation. Since Metro has indicated it will continue to contract field operations, this approach will not be expanded upon. Both full service and the conventional approaches have been successfully used to procure solid waste facilities. Each has advantages that should be considered.

Conventional Approach

This approach is the traditional method used by government to procure buildings and other construction projects. Using this approach involves three distinct steps. The first is to hire an architect/engineer consultant to design the project for a specific site. The second step is to contract for the construction using an invitation for bids (IFB). Finally, a separate IFB is issued for selecting an operator. This approach has been followed by Metro for CTRC and construction projects at the Zoo.

This method gives the public entity full control of the project through both the design and construction phases. It also places full responsibility on the public entity. The approach is widely used in situations where:

1. The project is not technically complex;

2. A wide variety of firms or contractors are capable of performing the work;

3. A major criterion is the lowest bid;

4. There is an adequate staff knowledge for managing the project; and/or

5. The project requires flexibility due to a high level of organizational and public interest and a subsequent desire for their participation in the process.

Under this approach decisions occur at each phase of the project based on the previous step, therefore, the public agency has a high degree of flexibility. The Request for Proposals (RFP) used to select a design consultant can be written to obtain several conceptual plans for consideration and take advantage of the private sectors experience. It is also possible to select an operator prior to completing the design phase in order to provide the operator an opportunity to influence, to a limited extent, the final design.

Full Service

A full service approach can be used for facilities owned by either a private or public entity. It involves developing an RFP for the purpose of communicating the project requirements and soliciting specific information from a number of firms to design, build and operate a facility. Thus, there is one distinct step to the project. The information provided is evaluated based on established criteria such as cost and experience and a firm is selected. Depending on the complexity of a project, a period to negotiate a contract is sometimes required. In order to minimize or eliminate the negotiation period it is desirable to be as specific as possible in the RFP about the characteristics of the project. A clear indication of project scope, needs and parameters also ensures that firms will be evaluated equally. The full service method is used when:

1. The project is technically complex;

2. It is desirable to have the operator responsible for the design;

3. There are a limited number of firms available to perform the work; and/or

4. The public entity wishes to minimize risk for the construction and the operating equipment in the facility.

Because many of the decisions are made when the RFP is developed there is limited opportunities to make changes in the project scope. This procurement strategy has been widely used to implement resource recovery projects.

The attached flowchart shows the steps to be taken for implementating the Washington County Transfer Station assuming a site is already selected. Both methods would require a similar time frame to complete. To provide a better understanding when deciding upon a procurement strategy to be used, the alternative apporaches are examined as follows for each phase of the project.

Phase I Design

The basic criteria for the design of the Washington County Transfer Station must be established by Metro. These criteria along with site constraints will be developed and included in an RFP to either solicit quotations from a design firm or from full service vendors. Either approach can be designed to take advantage of private sector experience and interest.

The design phase is the first distinct step using the conventional approach. Metro will have the opportunity to review the design, prior to making any large financial commitments, for either operations or construction. Once the design is accepted, final specifications for construction will be prepared. Metro will assume any risk for items that may not be included in the final plans. Input during the design phase is maximized using this procedure.

Using the full service approach design concepts will be presented with the initial RFP. Metro will have an opportunity to select the design that best suits our needs.

A full service vendor will take responsibility for project construction, including cost overruns that are not a result of changed conditions. Therefore, in order to minimize excessive contingencies placed by vendors in their proposals, it will be necessary for Metro to be specific on project requirements. Many of the project decisions must be made in the development of the RFP. Changes to the conditions will be a risk that Metro will assume. As the operator of the facility, the full service vendor may be able to incorporate into the design cost-saving mechanisms. This is important as a project becomes technically more complex.

Phase II Construction

The major differences in the two approaches are realized during the construction phase. The construction may be performed by a separate firm under either approach. A full service vendor, however, will assume the responsibility to complete the project on time and within budget. The fact that the firm is operating the facility is added incentive to complete the job on time. Since Metro would own the facility, its role during construction is important but is limited in comparison to the conventional approach. Metro must still be assured that its project is constructed to the quality specified.

Because Metro will be awarding a full service contract prior to developing final plans, vendors will propose the construction cost conservatively higher. For these reasons, it may be appropriate to modify the full service approach and to have the vendor bid the construction separately after the plans have been developed.

Using a conventional approach, bid specifications developed by the A & E firm would be used by construction contractors. Metro would retain a firm to perform construction management services, to minimize the risk to Metro during this phase. Any changes required by Metro during construction will be made at Metro's expense.

Phase III Operation

Both procurement approaches require the development of a thoughtful fixed term contract to manage the operations. This contract should provide the incentive to remain competitive and deliver quality service. Metro will have the flexibility to make unilateral changes when rebidding the contract. This contract will include such things as maintenance of the building and grounds as well as transporting waste. Since Metro is making a long-term investment, proper maintenance is important.

In soliciting cost proposals for operations from a full service vendor Metro would specify the desired standards for maintenance and performance without the benefit of the final design. These standards must be adequately defined for vendors, otherwise these items will not be included in cost proposals. A full service vendor does have an incentive to make sure the design is efficient and the project is completed on time.

Some of these same characteristics are also present in the conventional procurement method. The operator can be selected prior to completing the plans which will provide some constructive input in the final design. Penalities for not completing the construction on time can also be assessed. Since the conceptual plans are developed prior to bidding the operations, Metro will be able to better determine the desired operational standards.

Summary

The next phase of the project is to complete a site assessment process. As previously discussed, staff will proceed with this step and appropriate sites are expected to be identified and a site selected in four to six months.

When moving through the design, construction and operation phases of implementing a transfer station either procurement method may be used. Metro has more experience with the conventional approach which provides the greatess flexibility. The full service requires more upfront work, but will result in minimizing Metro's involvement during construction. The characteristics and impacts on each phase are summarized and presented in the following table.

TABLE

CHARACTERISTICS OF PROCUREMENT APPROACHES
FOR THE
WASHINGTON COUNTY TRANSFER STATION

CONVENTIONAL	FULL SERVICE
- Three-step process	- One main step
- Metro controls each phase	- Limited involvement after awarding contract
- Decisions incrementally made	- Decisions made up front in RFP
- Maximum input to design	- Cost proposals for construction are estimated conservatively[1]
- Staff experience with approach	- Reduced risk during construction
- Increased involvement from public	- Negotiations are usually required

1 Construction cost could be based on a separate bidding procedure using a modified full service.

EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer recommends that Metro proceed with the Washington County Transfer Station using the conventional approach (Version 1 - Resolution). This approach, like the full service provides for full involvement by private industry to design, build and operate the facility. Additionally, it gives the Council opportunities to make decisions at each step using information from the previous phase. Flexibility for responding to the needs of the local community is increased. It also takes full advantage of the experience gained from building the CTRC.

COMMITTEE CONSIDERATION AND RECOMMENDATION

On March 6, 1984, the Regional Services Committee recommended Council adoption of the Executive Officer's recommendation to proceed with the Washington County Transfer Station using the conventional approach (Resolution No. 84-458) with amendments added that the Executive Officer provide information about the cost of operations before awarding construction contracts and that the staff report to the Council on the involvement process and inform the Council of all design and operation suggestions. The attached Resolution No. 84-458 reflects the Services Committee amendments.

DD/ef
0504C/366
02/24/84

VERSION I

BEFORE THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF DECLARING METRO'S INTENT TO USE A CONVENTIONAL APPROACH FOR IMPLEMENTING THE WASHINGTON COUNTY TRANSFER STATION	)))))	RESOLUTION NO. 84-458 Introduced by the Regional Services Committee

WHEREAS, Metro has the authority under ORS 268.317 to construct, operate and maintain transfer facilities necessary for the solid waste disposal system of the District; and

WHEREAS, A transfer station to service Washington County is a recommended element of the adopted Solid Waste Management Plan; and

WHEREAS, Metro sought public input regarding a transfer station in Washington County and was subsequently advised by the Washington County Transfer Station Committee that a transfer station facility was needed in this area; and

WHEREAS, The firm of Price Waterhouse Co. was retained in 1980 and recommended that Metro ownership and operation, or contracting for the operation, of all transfer stations best met Metro's identified objectives; and

WHEREAS, Metro has experience with and has managed the design, and construction process and bid the operations of a transfer station in the southern portion of the District; and

WHEREAS, Metro wishes to maximize involvement of various groups such as the solid waste collection and recycling industry in developing the design of the transfer station; now, therefore,

BE IT RESOLVED,

1. That Metro declares its intent to build a transfer

station and recycling center in Washington County that will provide transfer and recycling services to both the public and commercial haulers.

2. That Metro solid waste staff will develop a process which provides maximum involvement from the solid waste industry and local governments regarding the location and design of the transfer station. Metro staff shall report to Metro Council monthly on this involvement process and inform the Council of all design and operation suggestions.

3. That Metro solid waste staff will consult with haulers in the western portion of the District to coordinate current or future site requirements of the collection industry.

4. That Metro solid waste staff will issue a Request for Proposals to select a firm with the experience to design the transfer station.

5. That Metro will use the plans developed by the engineering firm to solicit bids for constructing the facility, and that the Metro Executive Officer will provide information about the cost of operations to the Council before awarding construction contracts.

6. That Metro will request quotes from experienced firms to operate the facility for an established period.

ADOPTED by the Council of the Metropolitan Service District this _____ day of _____, 1984.

_____
Presiding Officer

DD/ef
0768C/366
02/24/84

VERSION II

BEFORE THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF DECLARING METRO'S INTENT TO SELECT A FULL SERVICE FIRM AND CONTRACT TO DESIGN, CONSTRUCT AND OPERATE A WASHINGTON COUNTY TRANSFER STATION	))))))	RESOLUTION NO. Introduced by

WHEREAS, Metro has the authority under ORS 268.317 to construct, operate and maintain transfer facilities necessary for the solid waste disposal system of the District; and

WHEREAS, A transfer station to service Washington County is a recommended element of the adopted Solid Waste Management Plan; and

WHEREAS, Metro sought public input regarding a transfer station in Washington County and was subsequently advised by the Washington County Transfer Station Committee that a transfer station facility was needed in this area; and

WHEREAS, The firm of Price Waterhouse Co. was retained in 1980 and recommended that Metro ownership and operation, or contracting for the operation, of all transfer stations best met Metro's identified objectives; and

WHEREAS, Metro is successfully managing a transfer station in the southern portion of the District; and

WHEREAS, Metro wishes to select one firm with experience in designing and operating solid waste transfer stations to build a facility in Washington County; now, therefore,

BE IT RESOLVED,

1. That Metro declares its intent to build a transfer station and recycling center in Washington County that will provide

transfer and recycling services to both the public and commercial haulers.

2. That Metro solid waste staff will develop a process which provides involvement from the solid waste industry and local governments regarding the location and design of the transfer station.

3. That Metro solid waste staff will consult with haulers in the western portion of the District to coordinate current or future site requirements of the collection industry.

4. That Metro will develop a Request for Proposals for the purpose of selecting a firm to be responsible for designing and constructing a publicly owned transfer station and to operate the facility under a fixed term contract.

ADOPTED by the Council of the Metropolitan Service District this _____ day of _____, 1984.

_____
Presiding Officer

DD/gl
0768C/366
02/24/84

VERSION III

BEFORE THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF DECLARING METRO'S INTENT TO SELECT A FIRM AND CONTRACT TO SITE, DESIGN, CONSTRUCT AND OPERATE A WASHINGTON COUNTY TRANSFER STATION	)))))	RESOLUTION NO. Introduced by

WHEREAS, Metro has the authority under ORS 268.317 to construct, operate and maintain transfer facilities necessary for the solid waste disposal system of the District; and

WHEREAS, A transfer station to service Washington County is a recommended element of the adopted Solid Waste Management Plan; and

WHEREAS, Metro sought public input regarding a transfer station in Washington County and was subsequently advised by the Washington County Transfer Station Committee that a transfer station facility was needed in this area; and

WHEREAS, The firm of Price Waterhouse Co. was retained in 1980 and recommended that Metro ownership and operation, or contracting for the operation, of all transfer stations best met Metro's identified objectives; and

WHEREAS, Metro his successfully managing a transfer station in the southern portion of the District; and

WHEREAS, Metro wishes to minimize their involvement in the siting process of a publically owned transfer station; and

WHEREAS, Metro intends to select one firm with experience in designing and operating solid waste transfer stations to build a facility in Washington County; now, therefore,

BE IT RESOLVED,

1. That Metro declares its intent to build a transfer station and recycling center in Washington County that will provide transfer and recycling services to both the public and commercial haulers.

2. That Metro solid waste staff will develop a process which provides maximum involvement from the solid waste industry and local governments regarding the location and design of the transfer station.

3. That Metro solid waste staff will consult with haulers in the western portion of the District to coordinate current or future site requirements of the collection industry.

4. That Metro develop a Request for Proposals for the purpose of selecting a firm to implement a solid waste transfer station to serve Washington County including selection of a site, obtaining land use approvals, designing and constructing the facility.

5. That Metro will contract with the firm to operate the facility based on a fixed term agreement.

ADOPTED by the Council of the Metropolitan Service District this _____ day of _____, 1984.

_____
Presiding Officer

DD/gl
0768C/366
02/24/84