

BEFORE THE COUNCIL OF THE  
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF ADOPTING	)	RESOLUTION NO. 86-696
POLICIES REGARDING RESPONSES TO	)	
REQUESTS FOR PROPOSALS FOR COMPOST	)	Introduced by the
FACILITY SERVICES	)	Executive Officer

WHEREAS, The Metropolitan Service District's Solid Waste Reduction Program recognizes that up to 48 percent of the waste stream (estimated 450,000 tons per year) is available for alternative technology/resource recovery projects to develop useful by-products and/or energy from solid waste; and

WHEREAS, Metro's Solid Waste Reduction Program recognizes that 52 percent of the waste stream is first allocated to source reduction through implementation of reduce, re-use, and recycle programs; and

WHEREAS, There are 1,270,000 cubic yards of yard debris in the waste stream, of which 1,000,000 cubic yards, or 100,000 tons per year, (which represent approximately one-fifth of the 52 percent of the waste stream allocated to source reduction), have been targeted for production of yard debris compost; and

WHEREAS, On March 13, 1986, the Council of the Metropolitan Service District adopted Resolution No. 86-635 "For the Purpose of Authorizing Exemption from the Public Contracting Procedure Set Out in Metro Code Section 2.04.001 et seq. for Solid Waste Disposal Services from a Resource Recovery Facility(ies)"; and

WHEREAS, That Resolution described a process for contractor selection which included using a Request for Qualifications and Information to select "up to the five most

qualified firms for each technology type" and then using a Request for Proposals to obtain specific proposals from which to complete the section; and

WHEREAS, On July 24, 1986, the Council designated the most qualified firms; and

WHEREAS, Two compost technology vendors were among the six firms shortlisted to receive the Request for Proposals; and

WHEREAS, The Council wishes to further describe the Request for Proposals selection process so that clarifications and preliminary agreement can be made prior to selection of the proposer(s) with whom to negotiate a final agreement; and

WHEREAS, The Council intends to develop an evaluation process reflecting the Council's values and corresponding weighting system using the criteria described in Ordinance No. 86-201 and the policies in the Solid Waste Reduction Program; and

WHEREAS, The Council wishes to inform the community about the Resource Recovery Project and to gain public acceptance of the Project; now, therefore,

BE IT RESOLVED,

1. That responses to the Request for Proposals will be refined through the following process: a) the proposers will be interviewed as necessary to clarify their proposals; b) a Memorandum of Understanding will be drafted with the vendor(s) who appears to the evaluation team to best meet Metro's needs; the Memorandum of Understanding will memorialize the agreement on points amending the Request for Proposals; c) Council will review the Memorandum of Understandings and the recommendations of the evaluation team and

will authorize staff to complete negotiations with the vendor(s) who best appears to meet Metro's needs; if a top ranked vendor fails to negotiate a Memorandum of Understanding or if the Council rejects a Memorandum of Understanding, a Memorandum of Understanding may be negotiated with the next most appropriate vendor; and d) the Request for Proposals and the Memorandum of Understanding will be the basis for the final agreement between the parties.

2. That the primary risks Metro will accept are the delivery of waste and certain uncontrollable circumstances as outlined in Exhibit A.

3. That Metro expects to share product sales revenues and will structure the Tip Fee to be the Service Fee less Recovered Materials Revenues and the Service Fee to be the Debt Service and Operations and Maintenance Costs.

4. That the Contractor will be responsible for marketing the compost and by-products, and for costs associated with providing sufficient guarantees such that compost and recovered materials will not be landfilled.

5. That the contractor will pay landfill disposal charges for compost and recovered materials which must be landfilled due to lack of a market.

6. That Metro will evaluate the marketing plans proposed by compost vendors relative to the economic efficiency of yard debris compost markets, should the plan include markets already targeted by yard debris composters.

7. That Exhibit B reflects the issues described in Ordinance No. 86-201 and the Solid Waste Reduction Program.

8. That Metro will develop and implement a public involvement program.

ADOPTED by the Council of the Metropolitan Service District  
this 23rd day of October, 1986.

  
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Richard Waker, Presiding Officer

DA/gl  
6431C/472-1  
10/23/86

SUMMARY RISK CHART  
Details in Text

EVENT	PRIMARY PROBLEM	CAUSE	SPECIAL RESOLUTION OF PRIMARY PROBLEMS	DEBT SERVICE RESPONSIBILITY	CONTRACTORS COST OR EQUITY RESPONSIBILITY	DISPOSAL COST OF WASTE	MATERIAL OR ENERGY REVENUES	DAMAGES
Normal Terms of RFP	(See RFP Summary and Contractual Responsibility) Metro delivers agreed upon volume of waste; Contractor extracts recoverable materials and processes waste; Contractor sells materials and energy to its markets. Metro pays Contractor Tip Fee.  TF = Service Fee - Metro's % of Energy & Materials Revenues SF = Debt Service + Operations & Maintenance			Metro	Contractor	Metro pays landfill & transport except prohibited waste and diverted waste C pays for those	Metro gets %; C gets %	None
1) Cost increase during construction	Facility price increases	a. U.C.	Extra cost added to debt service pd. by Metro	N/C but increased	N/C	N/C	N/C	N/C
		b. Metro change order	"	N/C	N/C	N/C	N/C	N/C
		c. All other	Contractor pays extra cost	N/C	N/C	N/C	N/C	N/C
2) Delay in construction	Not able to use facility; Metro must send waste to landfill;	a. U.C.	Extension of time; Metro takes Metro takes waste to landfill	N/C	N/C	N/C	N/C	N/C
3) Doesn't pass tests on time	Bonds must be repaid	b. Metro Change Order	"	N/C	Metro pays C's costs service	N/C	N/C	N/C
		c. All other	Limited extension of time; Metro takes waste to landfill	Contractor	N/C	C pays trnspt. and landfill	C pays Metro	C pays Metro

1) U.C. = Uncontrollable Circumstances

2) N/C = No change on normal amounts, but changes may be shown in Special Resolution Column.

3) C = Contractor

Uncontrollable Circumstances, subject to certain limitations such as deliberate acts or negligence, are the following events:

A. An Act of God.

B. Landslides, fire, explosion, or flood.

C. Acts of a public enemy, war or governmental intervention.

D. Certain failures to issue or renew, or the suspension or denial of permits.

E. Change in Law.

F. Utility failure.

G. Metro delivery of Prohibited Waste.

H. Cessation of Collection of Solid Waste in the Metro Area if Metro has in good faith attempted to mitigate any shortfall in deliveries caused by cessation.

EVENT	PRIMARY PROBLEM	CAUSE	SPECIAL RESOLUTION OF PRIMARY PROBLEMS	DEBT SERVICE RESPONSIBILITY	CONTRACTORS COST OR EQUITY RESPONSIBILITY	DISPOSAL COST OF WASTE	MATERIAL OR ENERGY REVENUES	DAMAGES
4) Complete destruction	Not able to use facility; waste goes to landfill; bonds must be repaid	a. U.C.	Unspent bond money pays debt, then parties share remaining debt.	Shared	N/C	N/C	Gone	N/C
		b. All other	Unspent bond money pays debt, C pays remaining debt and Metro's costs	Contractor	N/C	Contractor pays all costs	Gone	C pays Metro
5) Waste not delivered by Metro	Plant operates below capability; energy revenue short fall	a. U.C.	Contractor tries to find extra waste	N/C	N/C	N/C	Reduced	N/C
		b. All other	"	N/C	N/C	N/C	Metro pays C	N/C
6) Facility passes tests but operates at lower level than promised	Waste goes to landfill; Lower special revenues	a. U.C.	Everyone shares loses;	N/C	N/C	N/C	Reduced	N/C
		b. Metro doesn't deliver waste	O & M cost reduced	N/C	N/C	N/C	Metro pays C	N/C
		c. All other	Service fee lowered C buys down (pays to permanently reduce operation level). O & M cost reduced	N/C but Lowered	N/C	C pays transp. and landfill costs	C pays Metro	C pays Metro
7) Lower recovered material or energy produced	Less special revenue to parties	a. U.C.	Each bears own risk	N/C	N/C	N/C	Reduced	N/C
		b. Metro doesn't deliver	Metro reimburses contractor	N/C	N/C	N/C	Metro pays C	N/C
		c. All other other	C reimburses Metro	N/C	N/C	N/C	C pays Metro	N/C

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EVENT	PRIMARY PROBLEM	CAUSE	SPECIAL RESOLUTION OF PRIMARY PROBLEMS	DEBT SERVICE RESPONSIBILITY	CONTRACTORS COST OR EQUITY RESPONSIBILITY	DISPOSAL COST OF WASTE	MATERIAL OR ENERGY REVENUES	DAMAGES
8) Failure of recovered material or energy users to take or pay	Less special revenues to parties	a. U.C.	Each bears own losses; C seeks new markets	N/C	N/C	N/C	After 90 days C pays Metro	N/C
		b. Other reasons	Each bears own losses; C seeks new market	N/C	N/C	N/C	C pays Metro	N/C
9) Increased pass through costs	Increases service fee paid by Metro	Allowed in contract	Metro will add increases to service fee up to limits negotiated in contract	N/C	N/C	N/C	N/C	N/C
10) Increased operation and maint. for reasons other than inflation or other negotiated items	Increases service fee paid by Metro	a. U.C. or Metro failure to deliver waste	Metro will add increases to service fee	N/C	N/C	N/C	N/C	N/C
		b. Other reasons	No change in service fee	N/C	N/C	N/C	N/C	N/C
11) More residue than guaranteed	Increased disposal costs for Metro	Any reason	Metro will accept residue at landfill; C will pay landfill & transportation charges.	N/C	N/C	N/C but C pays for extra	N/C	N/C
12) New capital improvements after construction	Increases cost of facility	a. U.C.	Extra costs added to debt service & Metro pays	N/C but increased	N/C	N/C	N/C	N/C
		b. Other	Contractor pays extra charges	N/C	N/C	N/C	N/C	N/C

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## EXHIBIT B

### 7. EVALUATION OF PROPOSALS

#### 7.1 GENERAL

The objective of this RFP process is to select a Proposer to negotiate final full service arrangements with Metro. Proposals will be judged using the evaluation criteria outlined in this section. The Proposer will be selected in the best interest of Metro.

Primary emphasis will be placed on projects that:

- a. Are consistent with the technology preferences established in Metro's Solid Waste Reduction Program. When shown to be technically and economically feasible, preferences are as follows:
  - First preference will be given to materials recovery technologies, including composting,
  - Second preference to those which produce a fuel to replace conventional fuels, and
  - Final preference to those technologies which generate electricity.
- b. Are consistent with Ordinance No. 86-201 by minimizing the overall disposal system cost over a landfill-based system.
- c. Achieve maximum reduction of waste relative to the marginal cost/ton;
- d. Will minimize financial risk to Metro;
- e. Maximize flexibility by minimizing capital costs and limiting construction time;
- f. Demonstrate financial strength and corporate commitment to resource recovery by the vendors; and
- g. Obtain public acceptability of technology used, cost, and location.



In Ordinance No. 86-201 the Metro Council established a goal that the cost of a disposal system with resource recovery will not increase the system cost more than 20 percent based on a disposal system with a new landfill. Disposal system cost includes costs associated with transfer stations, resource recovery facilities and landfills; it does not include collection cost.

Each section of the Proposal will be evaluated in terms of how reasonable the claims made are, how complete the data provided is, how conservative the approach taken is, and conformance with the instructions given.

All Proposals received by 4:30 p.m., Pacific Standard Time, on January 8, 1987, will be catalogued and distributed for preliminary review. Each Proposal will be checked for its responsiveness to the RFP and completeness by Metro and its Project Consultants. All required forms and data sheets must be completed.

Any Proposer submitting a Proposal not satisfying the minimum requirements set forth in Section 6 may be disqualified from consideration at the discretion of Metro. Proposers will be notified of omission or of the need to modify the Proposal by Metro. Some Proposers will be asked to come to the Metro Area for interviews within thirty (30) days following the Proposal submission date to discuss their Proposal.

A more specific Project development schedule will be negotiated with the selected Proposer.

The following discussion outlines the selection and evaluation criteria to be used.

## 7.2 EVALUATION CRITERIA

Evaluation of the Proposals will be based upon a number of pre-selected criteria which reflect the needs of the Project.

The major evaluation criteria are:

- Technical;
- Management;
- Cost;
- Performance Standards; and
- Financial.

## 7.3 DOCUMENT II: FACILITY PROPOSAL EVALUATION

The evaluation of Document II: Facility Proposal, will address the technical requirements of the Facility with the reference plant providing a comparative base for evaluating the reasonableness of the Proposal. This evaluation will also address the management information submitted.

### 7.3.1 Technical Proposal

Technical evaluation criteria will include:

- Overall soundness of the Facility design and integration of separate elements of the Facility (e.g., receiving, storage, processing, Residue removal, and Recovered Materials handling);
- Technical feasibility of equipment and unit processes;
- Soundness of operations and maintenance plans including feasibility of the system with regard to fluctuations of quantity and composition in the Acceptable Waste stream, and contingency capabilities of the system;
- Consistency, accuracy and reasonableness of process flow diagrams, control diagrams, mass balance sheets and energy balance sheets;
- Reliability/availability of system;

- Ability to produce Recovered Materials, and steam, electricity, and/or RDF (as applicable) for sale to the appropriate market(s);
- Aesthetics of architectural design and Facility Site plan configuration;
- Compliance with all environmental regulations;
- Energy and water conservation measures indicated in design and operation;
- Process Residue: quantity and quality; and
- Willingness and commitment of Contractor to operate the Facility under optimum conditions (maximum efficiency and maximum output of Recovered Materials, and steam, electricity, and/or RDF).

The requested information on the reference plant will be assessed relative to:

- Degree of technical demonstration of the reference plant as compared to the proposed Facility;
- Technical feasibility of the Proposal, based on the Proposer's experience with a similar operating system; and
- Overall soundness of the proposed system.

#### 7.3.2 Management Proposal

Management evaluation will include:

- Techniques and controls for Project management (i.e., reporting procedures, audits, payment and monitoring responsibilities);
- Reasonableness of construction schedule and payments;
- Safety policies;
- Maintenance philosophy and policies;
- Soundness of shake-down and testing procedures;
- Proposed working/operational relationship and procedures with: (1) Metro, (2) the Recovered Materials Markets, and (3) the Energy Market(s);
- Parent company and subcontractor staff support;

- Willingness to meet the development and implementation schedule; and
- Willingness to consider innovative techniques to increase efficiency and maximize Recovered Materials and Energy production to decrease disposal costs.

#### 7.4 DOCUMENT III: BUSINESS PROPOSAL EVALUATION

The evaluation of Document III: Business Proposal, will address two areas: (1) costs, and (2) Performance Standards.

##### 7.4.1 Cost Proposal

Evaluation criteria will include:

- Competitiveness of Service Fees relative to other Proposals and alternative disposal methods in the Metro Area on a life-cycle cost, net present value basis;
- Reasonableness of capital and operating cost estimates;
- Revenue-sharing approach between Metro and the Proposer;
- Willingness to participate in the financing plan;
- Proposer's desired return on investment/involvement in the Project;
- Desired return on equity contribution in Project;
- Demonstrated ability to obtain an investment grade rating and secure financing; and
- Demonstrated recognition of potential cost issues with respect to environmental and permitting matters and Facility performance.

##### 7.4.2 Performance Guarantees

Evaluation criteria will include (as applicable):

- Competitiveness of offered guarantees relative to other Proposals;
- Minimizing risk to Metro;
- Markets for the Recovered Materials Market(s), and the Energy Market(s);

- Residue generation and landfill consumption guarantees;
- Thermal efficiency;
- Recovered Materials production;
- Electricity production;
- Steam production;
- RDF production;
- Optimum operating Proposal;
- Fiscal capability and financial strength of the Proposer to back offered guarantees and other commitments;
- Proposer's degree of acceptance of the business terms in Section 4; and
- Consonance of Performance Standards with information supplied with respect to the reference plant.

#### 7.4.3 Contract Proposal

Contract Proposal evaluation points will include:

- Allocation of Project economic risk;
- Percentage share of Energy and Recovered Material Revenues between Metro and Proposer;
- Insurance and performance bonds;
- Exception to risk allocation items shown in Exhibit 4.4;
- Position on contract terms and questions raised in Section 4; and
- Overall congruency of offered contract terms with Metro's position.

#### 7.4.4 Financing Plan

Financing plan evaluation criteria will include:

- The financeability of the proposed financing plan;
- The Contractor's investment banker's acceptance of the relationship to be established with Metro's designated investment banker;

- Congruency of plan with the responses to specific contract Proposal questions; and
- The bond rating claimed for the financing, and the rationale/justification for same.

## 7.5 DOCUMENT IV: QUALIFICATIONS EVALUATION

The evaluation of Document IV: Qualifications, will address four areas: (1) experience, (2) management capability, (3) technical reliability, and (4) financial condition and resources.

### 7.5.1 Experience

The experience evaluation criteria will include:

- Experience as full-service Contractor in resource recovery;
- Experience in negotiating and developing projects for financing; and
- Experience in implementing project financings of a similar type.

### 7.5.2 Management Capability

The management qualifications evaluation criteria will include:

- Parent company and subcontractor(s) staff experience in similar assignments and extent of human resources to draw upon for this type of project;
- Demonstrated capability to perform all required tasks;
- Techniques and controls for Project management;
- Past record to complete construction on time and within budget/price;
- Maintenance philosophies, policies and practices; and
- Past record in meeting Performance Standards at similar plants.

### 7.5.3 Technical Reliability

Technical reliability criteria will include:

- Proven reliability of proposed technology;

- Proven performance that the technology can reliably meet applicable environmental regulations/emission levels; and
- Track record of reference plant in meeting similar technical, operational, and environmental performance levels contemplated for this Project.

7.5.4 Financial Condition and Resources

Financial condition and resources criteria include:

- Credit rating adequate to make the Project financeable; and
- Sufficient financial resources of the Contractor, its parent, or joint-venture partner to support their guarantees through construction and operation; and a statement as to their willingness to commit these resources for the guarantees.

6283C/472-1

STAFF REPORT

AGENDA ITEM NO. 7.1

MEETING DATE October 23, 1986

CONSIDERATION OF RESOLUTION NO.86-696 FOR THE PURPOSE OF ADOPTING  
POLICIES REGARDING RESPONSES TO REQUESTS FOR PROPOSALS FOR  
COMPOST FACILITY SERVICES

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DATE: October 14, 1986

PRESENTED BY: Debbie Allmeyer

FACTUAL BACKGROUND AND ANALYSIS

The Request for Proposals (RFP) for Mass Burn and RDF vendors was issued October 8, 1986, following the passage of Resolution No. 86-689, by the Council. The RFP to be issued to compost technology vendors will be issued around the first of November.

Resolution No. 86-696 reiterates the stipulations in Resolution No.86-689, as well as describing additions necessary to make the RFP for compost facility services complete. Policy issues related to market guarantees for mixed waste compost, and how mixed waste compost could be impacted in the marketplace by yard debris and sewage sludge compost are addressed.

Metro's aim is to assure that mixed waste compost, unless shown to be more cost-effective, does not displace established markets or those markets targeted for yard debris compost, or sewage sludge compost. It would be inconsistent with current policy and the Solid Waste Reduction Program to implement a mixed waste compost technology if, at greater expense to the public, this compost displaced yard debris compost or sewage sludge compost. The sewage sludge and yard debris would then require landfilling, while a greater cost was paid for production of mixed waste compost.

Metro's RFP for compost stipulates that vendors will be responsible for marketing the compost they produce, as well as for all costs associated with guaranteeing that compost and recovered materials are not landfilled. If market failure should occur, the vendor is responsible for all landfill disposal charges. This is identical to the manner in which landfill disposal of RDF would be handled, should RDF not be marketed.

Metro's RFP for compost further stipulates that the revenue sharing aspect of the Tip Fee formula requires the Contractor to be responsible for costs associated with paying for the disposal of the compost other than landfilling. For example, a Contractor may ultimately determine that the best means of disposal of the compost is on property where an owner is amenable to testing the material for a fee. A landowner may agree to spread it on his property if paid a certain price, thus representing a negative revenue to the Contractor. In this case, Metro will not pay a higher Tip Fee to the Contractor because he has to pay to dispose of the compost. This should provide incentive for establishing



positive markets, or markets that will accept the material at no cost.

Metro's RFP for compost requests that proposers submit a marketing plan, cognizant of the composition of the waste stream that will be available to them. The RFP states that Metro's Solid Waste Reduction Program allocates all source separated yard debris, which is a part of the 52% of the waste stream allocated to reduce, reuse, and recycle programs, for yard debris compost. This 100,000 tons per year will not be available to composters of mixed waste once local yard debris composters are handling the material. The RFP further emphasizes Metro's interest that marketing mixed waste compost not disrupt yard debris compost markets, unless it can be shown that producing mixed waste compost is more cost effective than producing yard debris compost.

The Resolution, again, describes the initial negotiation process that utilizes a Memorandum of Understanding (MOU) with the top ranked prospective Contractor(s), the primary risks Metro will accept, the Tip Fee structure, and the evaluation criteria reflected in Ordinance 86-201 and the Solid Waste Reduction Program.

#### EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer recommends adoption of Resolution No. 86-696.

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The motion carried and the minutes were approved.

7. RESOLUTIONS

7.1 Consideration of Resolution No. 86-696, for the Purpose of Adopting Policies Regarding Responses to Requests for Proposals for Compost Facility Services

Debbie Allmeyer, Solid Waste Analyst, introduced Bob Zier of Gershman, Brickner & Bratton, a consultant hired to assist with the solid waste alternative technologies project. She explained the Resolution now before the Council had been amended slightly from the version in the Council agenda packet.

Main Motion: Councilor Frewing moved the Resolution be adopted and Councilor Kafoury seconded the motion.

Councilor Frewing was concerned the language in item 6 of the Resolution would not provide enough information to vendors. Mr. Zier said all vendors had been put on notice about the importance of the provisions of item 6.

Councilor Kirkpatrick suggested item 5 be amended to clarify disposal charge arrangements.

Motion to Amend: Councilor Kirkpatrick moved the item 5 under "Be It Resolved" of the Resolution be amended to read: "That the contractor will pay landfill disposal charges for compost and recovered materials which must be landfilled due to lack of a market." Councilor Gardner seconded the motion.

Vote on the Motion to Amend: A vote resulted in:

Ayes: Councilors Collier, Cooper, DeJardin, Frewing, Gardner, Hansen, Kafoury, Kelley, Kirkpatrick, Ragsdale, Van Bergen and Waker

The motion carried.

Vote on the Main Motion: A vote resulted in:

Ayes: Councilors Collier, Cooper, DeJardin, Frewing, Gardner, Hansen, Kafoury, Kelley, Kirkpatrick, Ragsdale, Van Bergen and Waker

The motion carried and Resolution No. 86-696 was adopted as amended.