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October 2, 2013

Official Notice No. 118 – 2013

RFP for Regional Recycling System for Processing and Marketing of Single Stream Recyclables

Addendum No. 4

This addendum provides answers to questions submitted by Contractors from Sept 18th through the RFP question deadline on September 20th, 2013. Refer to Addendum #2 for previously answered questions and to Addendum #3 for the modified project schedule.

Please acknowledge the Addendum No. 4 in the proper section of the RFP response.

Sincerely,

Rick Meyers
Resource Recovery Program Manager, City of Milwaukee Department of Public Works

CC: Perry Lindquist, Land Resources Manager, Waukesha County Dept of Parks & Land Use

Addendum #4

October 2, 2013

RFP #118-2013

Regional Recycling System for Processing and Marketing of Single-Stream Recyclables City of Milwaukee and Waukesha County

The following are answers to questions submitted by Contractors from Sept 18th through the RFP question deadline on September 20th, 2013. Refer to Addendum #2 for previously answered questions and to Addendum #3 for the modified project schedule.

The following question was submitted by Johns Disposal

Q1. Please better clarify what the Entity expects for payment guarantee as listed on page 7 and 155 of the rfp.

A1. The Entity expects the contractor to provide a payment guarantee based on the terms listed under section IX of the RFP (page 7). This can be a payment guarantee from a bank or surety company.

The following questions were submitted by Waste Management

Q2. "Form of Proposals": Per page 5, ". . . Contractors shall submit eight (8) hard copies and two CD's of their MRF Technical Proposal, and eight (8) hard copies and two CD's ..." May Contractor submit jump drives in lieu of CD's for security and storage sake?.

A2. A Jump drive is acceptable in lieu of a CD.

Q3. "Form of Proposals": May a Contractor's response use Word-enabled versions of the RFP forms for ease of use and clarity? If not allowed, can the form simply refer to the pages behind it for content?

A3. The Contractor's response may use Word-enabled versions of the RFP forms. The Contractor is not allowed to edit the existing language of any of the forms.

Q4. "Composition (and Composition Studies) of Recyclables Stream": ASTM D5231 – 92 (2008) Standard may not be acceptable given its requirement to include "fines" larger than ½ inch in size. Will Entity consider negotiating "fines" out of definition of "Recoverable Materials" such that 98.5% Recovered Materials requirement can be met?

A4. The referenced standard is listed in the RFP as an example suitable for determining the composition of delivered recyclables prior to processing. The Entity recognizes the practical limitations of recovering materials less than 2" in size that through processing may enter the residual stream as "fines." The Entity is open to negotiating this subject upon development of final contract.

Q5. "Bid Pricing (Specific)": Are plastics 3, 6 and 7 considered Non-Recyclable Materials (definitions)?

A5. Yes. The RFP list of required products includes #1, 2, 4, & 5 Plastics, so #3, 6, & 7 are excluded by omission except where included as part of bulky rigid plastics, which is assumed to be a majority PE (#2 & 4) and PP (#5) with a minimal amount of other plastics included.

Q6. “Bid Pricing (Specific)”: Form D-4C and D-5C appears to limit the Annual Adjustment Rate to transfer and disposal from transfer stations to final MRF. Direct Costs for Hazardous and Infectious Waste are Pass-Through Costs per page 57. Residue Disposal Costs are recoverable by Contractor per formulas on page 126 and 131. Page 28 makes Contractor responsible for removal and disposal of Non-Recyclable Material, Contaminated Recyclable Material, and Rejected Material; however, there do not appear to be recoverable cost provisions for such materials. To what extent will Entity allow Contractor recovery of costs for transfer and disposal of these categories? Will the Annual Adjustment Rates be included on removal and disposal costs for such categories of materials?

A6. For Contractor recovery of residue disposal costs, refer to language under “Residue Disposal: Estimated Percent Residue and Disposal Costs” preceding Form D-4E and Form D-5E. Yes, the annual adjustment rates would apply to the removal and disposal costs of Non-Recyclable Material, Contaminated Recyclable Material, and Rejected Material attributable to the Entity. Final recoverable cost provisions for residue are subject to negotiation upon development of final contract.

Q7. “Contaminated Loads (Treatment)”: Page 27. Paragraph J.2., has provisions for both Contractor’s authority to require hauler to remove and dispose of Non-Recyclable Material, Contaminated Recyclable Material, and Rejected Material and Contractor’s responsibility for removal and disposal of such materials. Does this mean the Contractor is ultimately responsible for the removal and disposal, but has the option to require hauler to remove and dispose at hauler’s expense? The two (2) phrases appear contradictory.

A7. The ultimate responsibility falls upon the Contractor, however, the contractor can fulfill its responsibility by successfully requiring the hauler to remove and dispose of the Non-Recyclable Material. Contractors are encouraged to identify and state in their proposal an alternative approach to managing contaminated loads.

Q8. “Other Contingencies”: Will Entity accept / incorporate an amortization schedule of recoupment payments to Contractor should the Contract be terminated early for reasons other than default of Contractor?

A8. No. Refer to termination clause in the Sample Contract, Article VIII.

Q9. “Definitions”: Will the Contract contain a change in law provision governing all work, not just retrofit work?

A9. See the definition of “Change in Law” in section X of the RFP (page 8). A “Change in Law” is limited to those that occur after the Contract Date and prior to a Notice to Proceed. See also section 3.02 of the Sample Contract (Attachment E). Section 6.04 of the Sample Contract (Attachment E) addresses the only contemplated circumstance where new legislation may alter ongoing contractual obligations. Any Contractor Exceptions to the provisions of the

Sample Contract (Attachment E) should be stated in their proposal. The number and extent of any exceptions taken will be considered in proposal evaluation.

Q10. "Form C-4J, Construction Time and Start Up date": Is the entity requiring a schedule with the Transition Plan? Will evaluations include evaluation of schedule?

A10. Yes, a proposed timeline for these transition activities is required, and the appropriateness of the timeline will be included in the evaluation of all proposals. This Transition Plan needs to describe how recyclables will be handled during the transition from processing at the Waukesha MRF to being transferred from the Waukesha MRF to the new processing MRF. And the Transition Plan needs to describe how the recyclables being transferred from the Milwaukee MRF will be transferred or processed during MRF construction at that site or construction of new transfer capabilities at that site.

Q11. "General Provision, Section 1 - O. "Residual Material": Will the City and County consider including fines in "contaminated recyclable material" definition, since by their nature, fines are mixed with other material of the same size which renders them un-useable in the recycling process? In the definition of "Recyclable Material" on page 12, the City seems by definition seems to exclude fines.

A11. The Entity recognizes the practical limitations of recovering materials less than 2" in size that through processing may enter the residual stream as "fines." The Entity is open to negotiating this subject upon development of final contract.

Q12. "Quality of Processing- Bale Audit": #6 ONP will not be a recognizable grade for curbside materials in the future and #8 ONP is not an achievable grade in a Single Stream setting. The reality is these materials are a curbside blend of non-brown papers which gets marketed at highest local value, either a mixed grade or an ONP grade which is sold at #8 ONP levels. The samples specified assume products will be marketed as each of the grades represented. Can the entity acknowledge the flexibility and this reality in this section and qualify whether the intent is to separate by hand real #8 ONP from other non-brown grades?

A12. Refer to Attachment A, Section I-E (page 25), "The actual products produced and marketed may be adjusted according to market conditions to provide the Entity with the best product value." The intent is not that the Contractor is required to separate to a #8 ONP specification but rather that the Contractor should have the ability to sort Single-Stream material to an ONP grade and market to #8 ONP price levels. The Entity does not want all ONP to go to a Mixed Paper grade unless that is the best market value. The Entity recognizes that the reality of the market place is that optimum grades to sort to will vary with time. The goal is to achieve a high end use and optimize market revenue against sorting requirements such that the Entity achieves the best economic outcome.

Q13. "Stationary Equipment Replacement": How is the fund adjusted as quotes for replacement are received which are different from the Fund estimates, adjusting for inflation, freight and other factors?

A13. The Contractor should have a good understanding of projecting costs based on past operations and future expectations. The goal is to have the fund to carry an adequate

balance throughout the contract period to cover all equipment replacement. During contract negotiations, an adjustment mechanism may need to be introduced to increase contributions if the fund is falling behind actual needs.

The following questions were submitted by ReCommunity

Q14. Attachment F: Please clarify the applicability of Section 13.01.

- a. Does §13.01 apply to construction activities only, or to both construction activities and MRF operation activities? If both, is the 20% resident requirement for total hours worked for the two activities combined?

A14.a. Provided in part in Addendum #2, Question 17. Regarding the second portion of the question, the 40% Resident Preference Program requirement of Sample Contract Section 13.01 is a requirement for any/each resulting City contract in which the work to be performed is contracted exclusively by the City. If a resulting single contract involves work contracted by or on behalf of both the County and the City, then the RPP requirement will include proportional consideration in that contract.

- b. Does §13.03 Service Contract Wage Requirement of \$9.39 per hour apply to all hours worked, or only those (approximately 50%) applicable to the City's material processing?

A14.b. Provided in Addendum #2, Question 15.

- c. In practice, how will allocations be made and compliance verified of the Residents Preference Program and Service Contract Wage Requirement Provisions as between employees under the City of Milwaukee versus those under Waukesha County? For example, may the Contractor determine which 50% of its employees are subject to the minimum wage requirement?

A14.c. Provided in Addendum #2, Question 15.

- d. Does it matter whether employees are located at the Waukesha Transfer Station or the Milwaukee MRF?

A14.d. Provided in Addendum #2, Question 17.

Q15. Section XIII of the RFP states that the scope, terms and conditions of the Contract shall be "similar" to the terms, conditions and specifications described in this RFP. In addition, Attachment E (Sample Contract) provides that the sample is provided merely to assist the Contractor in understanding terms that may apply in the Contract. Does this mean that any provisions in the RFP or the Sample Contract are instructional only and not required to have exceptions taken to them in the bid response?

A15. No exceptions are to be taken to the provisions of the RFP in the bid response. Please refer to the statement on the cover page to Attachment E (page 142) about exceptions to the Sample Contract.

Q16. Will the Contract require that the Entity deliver all collected Recyclable Materials to the Facility, notwithstanding that there is no guaranty of the amount of such to be collected?

A16. Provided in Addendum #2, Question 3.

Q17. On Page 27 of the RFP, why is Contractor responsible for the cost of disposing of Solid Waste that presents a substantial danger to the public or will materially and adversely affect the operation of the Facility? Does that simply mean that Contractor may thereafter include them as Pass-Through Costs?

A17. Since it is possible that the offending materials were not delivered by the Entity, any costs would need to be attributed to the source. If the delivery of the materials can be demonstrated to be from the Entity, then pass through to the Entity would be appropriate.

Q18. In addition to the annual composition analysis provided for on page 29 of the RFP, may Contractor on its own propose other times for any such analyses under the same terms and conditions?

A18. Yes.

Q19. Is the scale software developed by the City at the Milwaukee scales fully operational and fit for its intended purpose? Does that software integrate with other software that Contractor may use, including those that provide required reports?

A19. Yes. Current software uses an Oracle database and reports can be exported into MS Excel.

Q20. For purposes of Form D-8B (Litigation History), what is the definition of a “principal” of the company?

A20. The principal(s) of the company are the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer and any Executive Vice-Presidents of the Contractor, its parent company, or subsidiaries or similar officer, director or managing agent who is the involved in the overall running and decision making of the business and/or hiring and directing employees (agents) to perform and operate the business. In addition, the identified facility manager is considered a principal of the company for the purposes of this RFP.

Q21. We would like to request an additional visit to the City of Milwaukee MRF with at least three hours of time to evaluate equipment.

A21. Provided in Addendum #2, Question 22.

Q22. Does the Service Contract Wage Requirement Provision apply under Options B and C if the recyclables will be processed outside of the City of Milwaukee limits? Also, will this provision apply if the tons are processed outside of the State?

A22. Provided in Addendum #2, Question 15.

Q23. Please include a list of all local permits that are required for the Waukesha Transfer Station as well as for the Milwaukee MRF.

A23. Provided in Addendum #2, Question 10.

Q24. Pg. 13 "Residual Material" – Please consider adding a definition for recyclable materials that will end up in residue but are not expected to be captured. Examples would include shredded paper; pill containers i.e. PET containers smaller than 250ml in size.

A24. Any material in residuals that will pass through a 2" screen should not be considered recoverable in this analysis.

Q25. Page 26, I.F.3 requires processing at a minimum of 35 tons/ hour. Will other options be considered that will guarantee capability to process Entity's 60,000 tons per year? If so, how will that impact overall scoring of the proposal?

A25. Provided in Addendum #2, Question 7.

Q26. Is it acceptable to re-use/ recondition existing recyclable processing system equipment?

A26. Refer to Attachment A, Section II-A, #11 (page 36). The expectation of the RFP is for new equipment. If refurbished equipment is proposed, detailed descriptions of what equipment is refurbished and how it will be refurbished must be included in the proposal. The refurbished equipment must look like new equipment and be sufficiently reconditioned to have the life expectancy and performance of new equipment.

Q27. Please describe the process of conducting residue audits for Option's B & C.

A27. The goal is for the Contractor to provide adequate proof that Residual requirements are being met without the need to invoke testing. Testing procedures will be defined during contract negotiations, since the residue measurement challenges of B & C proposals cannot be fully anticipated for all possible proposals.

Q28. The proposer understands that the MRF is located on the river bed. While we do not anticipate loading vessels from the site, we request the City/ County, at their own expense, to secure a permit and replace or repair the perimeter fence to keep all windblown materials from trucks, cars, and other vehicles contained inside the property line.

A28. Please see Attachment A, Section II-A, #4 (page 33) – Work Performed by City, Paid for by City.

Q29. Capital Cost Proposals (Reference FORM D-4 page 122) – Not to exceed quotes are requested

a. Will the Contractor be required to perform against the total Not to Exceed quote, or will each requested cost quote be treated separately?

A29.a. Provided in Addendum #2, Question 21.

b. Will there be one master agreement for construction, or 5 separate agreements?

A29.b. We are anticipating 2 agreements, one with each entity. This is subject to final negotiations.

c. Will actual cost under runs below the not-to-exceed quote be shared with the Contractor?

A29.c. No.

Q30. Since there are many contract terms and conditions related to the design and build construction activities of Option A yet to be defined (e.g. invoices & payments, performance warranties/penalties, start-up and acceptance testing, delays and work changes, etc.) it is difficult to provide an accurate Not to Exceed (NTE) quote. Will additional guidance on these terms be provided? What provision will be granted proposers to revise their NTE quote as these terms and conditions are more defined?

A30. There will be a final contract negotiation period with the selected contractor. Final contract language will be developed at this time based on the selected Option.

Q31. Who is responsible for roof and structural maintenance and repairs?

A31. Refer to Attachment A, Section II-A, #12 (page 37). The below sentence is hereby amended as follows:

~~After Notwithstanding the initial Facility improvements to the Transfer Station and MRF have been to be completed by the City and the County, the Contractor will be required to perform all repairs and routine maintenance to both Facilities.~~

Q32. Page 37 item 13. Stationary Equipment Replacement

a. What is the threshold for Stationary Equipment Replacement? Are major repairs and/or rebuilds included?

A32.a. All major repairs and rebuilds of stationary equipment are the responsibility of the contractor. A threshold may be determined in contract negotiations under which the equipment replacement fund under Option A proposals may be utilized. This fund is intended only for replacement of equipment and components that have reached their projected end of life. The Contractor, through its internal maintenance funding, is responsible for replacing wear parts and keeping all equipment functioning properly up until the replacement date.

b. Who is responsible for any stationary equipment replacement costs in excess of the replacement fund balance? Any unexpended balance in the fund accrues to whom?

A32.b. Please see the answer to Question 13 above. Any unexpended balance carries forward until the end of the contract and remains with the Entity.

Q33. Referring to pages 126 and 131, please verify that monthly billings for Processing Payment, Educational Fund, Revenue Payment, and Equipment Replacement Fund will be based on tons received at the MRF, not tons processed as indicated. Payments to Contractor for Transfer/Hauling Fee will be based on tons received at the Transfer location, correct?

A33. The Summary of Payments sections on page 126 and 131 are hereby amended to reflect that the Processing Payment, Educational Fund, Revenue Payment and Equipment Replacement Fund are all based on the tons received at the MRF/TS, not the tons processed. The

Transfer/Hauling Fee(s) is/are based on tons received at the transfer station(s). The above fees do not apply to rejected loads.

Q34. Who is responsible for insurance of the buildings and Stationary Equipment; and any uninsured losses thereto?

A34. Please refer to Attachment E, Article IV – Insurance, Safety and Loss Control, 4.01 (page 145).

Q35. In 4.01, 2. (General Liability), the City/ County requests per site General Aggregate insurance for the two separate facilities. Our policy does not have a “per site” General Aggregate – we have a “policy” aggregate. Will a Policy Aggregate suffice based upon the adequacy of Umbrella/Excess limits?

A35. Yes.

Q36. Performance and/ or payment bond forms are not noted in the RFP. It appears that standard Performance & Payment Bond forms, such as the AIA 312, will suffice for the Construction phase. Please confirm that AIA 312 form and the Berkley Standard Bond form are acceptable forms for use by the Proposer. Please refer to the attached sample bond form immediately following this page.

A36. After contract award, the Contractor will be provided specific Performance and Payment Bond forms that will be required to be used.

The following questions were submitted by Sonoco Recycling

Q37. In General Provisions, item D. Materials to be processed item #8, “All rigid plastic food and beverage and household cleaner containers”.

a. Does this refer only to the plastic grades identified in section E. Processing and Marketing, lines 5-8?

A37.a. No. The Contractor must be able to accept Plastics #1-7 and recover the products in Item E at a minimum. The Entity would prefer to market all separated materials, but would allow an exception for #3, #6 and #7 plastics if not adequately supported by markets. The processing system will likely need to sort #3, #6 and #7 plastics to residue without losing product grades.

b. Please confirm if this eliminates plastics #3, #6 and #7 from both sections?

A37.b. No. While the expectation is that these grades need not be in marketed products, the Contractor must be able to handle their inclusion in the delivered stream. In the interest of simplifying instructions to residents and maximizing recovery, the Entity reserves the right to accept in collection programs “All rigid plastic food and beverage and household cleaner containers.”

Q38. Who is responsible for the disposal cost of residue?

A38. Answer: The Contractor is responsible for the disposal of residue, but this cost is included in the cost proposal as part of the payment to the contractor from the Entity (for Entity tonnage only). See the answer to Question 6 above for further info.

Q39. Who is responsible for paying monthly utilities for both facilities?

A39. Contractors would be responsible for the utilities that are a result of their activities. The Entity will be responsible for any sub metering that needs to occur to achieve this result.