

Multi-Community Contracting



Experiences from Lorain County

Ohio EPA Workgroup Meeting • May 8, 2014

Bailey's Rules of Engagement

- Don't go unless they request you
- Know your players
- Know what the impact will be on the market place if successful
- Take the experts with you
- Make sure your employer supports the effort
- Prepare yourself for threats
- Be prepared for the results

— How Did It Start? —

- Early 2013
- Trustee called with concerns about pricing and service from current hauler



— How Did It Start? —

- Meeting scheduled with Township Trustees Association



— How Did It Start? —

- Concept of working and bidding together was explained



— Why Bid Together? —

- Consortium bidding aggregates the purchasing power of multiple political subdivisions
- Provides leverage for political subdivisions to realize improved pricing and services
- Especially valuable for small political subdivisions
- Purchasing power of a combined 20,000 households is significantly greater than that of smallest township involved (266 households) and smallest village involved (77 households)

— What Makes This Unique? —

- Major change for communities involved
 - 13 of 14 never had a single hauler
- Vast majority of consortiums involve communities that previously bid on a single hauler, but not together with neighbors

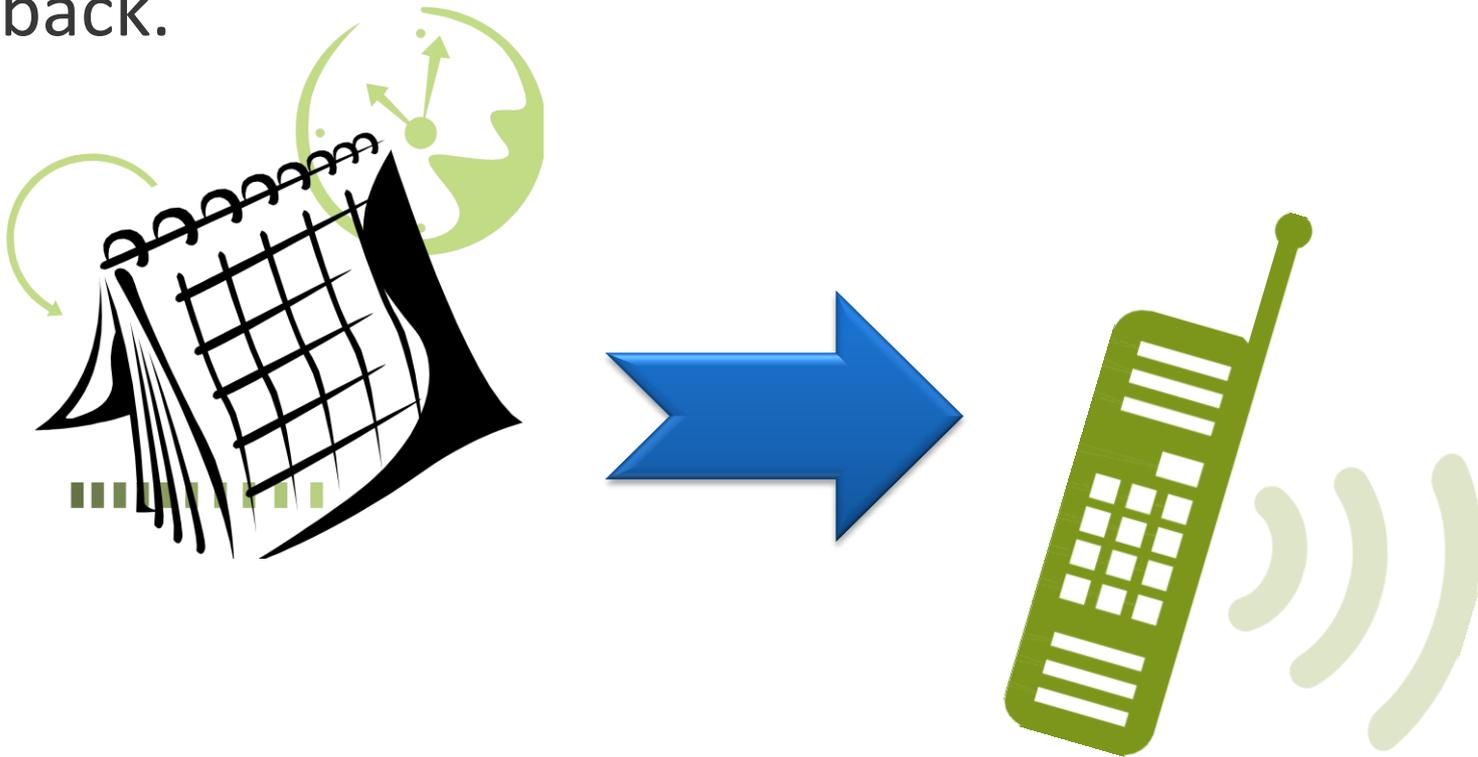


— What Makes This Unique? —

- Funding for the consortium
 - District provided start-up seed money
 - Participants agreed to add on a service fee as determined by the group, passed by each community by resolution, and managed by the SWMD, to recoup costs of consulting and legal services; with goal of paying it off in 2-3 years
 - Service fee can be changed once per year

— How Did It Start? —

- Two months after meeting, we got a call to come back.



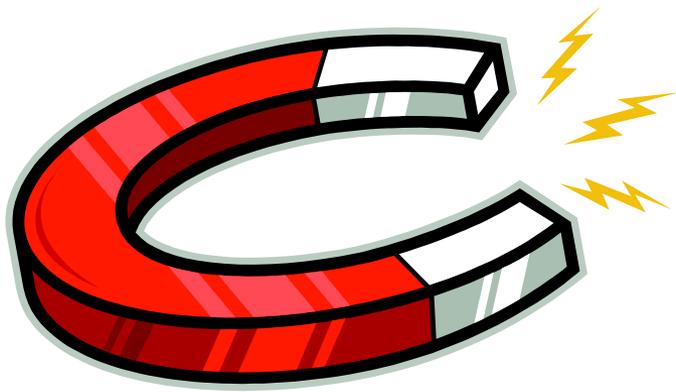
— Second Meeting —

- Revisited the process and determined if there was an interest by show of hands.
 - ✔ Fourteen townships, two villages and one city were interested.



Attracting Other Political Subdivisions

- Meetings or phone calls were made with Lorain, Avon, and Vermillion



Maximize
Buying
Power

— Process Begins —

- Joint meetings with interested communities organized



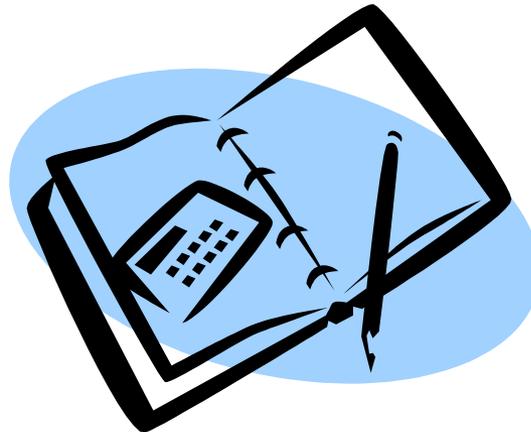
Step 1

- Commitment to the Consortium
- Agreement to meet District requirements of VBS and carts
- Engagement letter with Eastman & Smith



Step 2

- Surveyed the participants for data on current service providers service and cost structure
- Determined average was \$70 per quarter and some were over \$100 per quarter including fuel surcharge



Step 3

- Established schedule for entire process, including:
 - RFP development
 - Bid evaluation
 - Execution of contracts
 - Start of service



Step 4

- Herding the participants
- Obtaining their service preferences
 - ✓ Day of the week for service
 - ✓ Dumpsters for their township
 - ✓ Extra dumpsters for their special collections



Step 5

- Explained options and advantages of joint bidding
 - Opt-in clause
 - Fuel surcharge
 - Determining how they will make decisions as a group



Step 6

- Wrote the RFP
- Included all the different service scenarios
- Included fuel surcharge scenario



Step 7

- Hosted a friendly mandatory bid meeting
- Letter of regret sent by Waste Management
- Remaining Possibilities:
 - Rumpke
 - Republic
 - Kimble



Step 8

- Evaluated the bids
- Bids received from Rumpke and Republic
- No bid on yard waste by lowest bidder caused a problem for one consortium member



Results

Quarterly Pricing	Rumpke	Republic
96 gal trash <i>64 gal recycling</i>	\$53.25	\$64.38
64 gal trash <i>64 gal recycling</i>	\$47.79	\$57.93
32 gal trash <i>64 gal recycling</i>	\$42.90	\$52.14

Step 9

- Happy consortium members
- More than \$5 million savings over 5 year contract term.
- Identify who wants to stay in or opt-out of consortium
- Prepare contracts and awards to be adopted by resolution by Trustees



Step 10

- Re-wrote RFP for City of Avon Lake to include mandatory yard waste collection service in bid price
- Evaluated bid responses

*Republic
Wins!*

Step 11

- Determined opt-in pricing
- Established Executive Committee



Step 12

- Meetings with Rumpke to review new service and distribution of cart system
- Service Started January 1, 2014



Lessons Learned

- Service Starts January 1, 2014
- *Never ever start service in January!*

— Questions? —

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