

Memorandum



CITY OF DALLAS

DATE August 7, 2015

TO Honorable Members of the Quality of Life & Environment Committee: Sandy Greyson (Chair),
Tiffinni A. Young (Vice Chair), Rickey D. Callahan, Mark Clayton, Philip T. Kingston, B. Adam McGough

SUBJECT **Single Stream Recycle Processing Services Procurement**

On Monday, August 10, 2015, the Quality of Life & Environment committee will be briefed on single stream recycle processing services procurement.

The briefing materials are attached for your review.

A handwritten signature in black ink, appearing to read 'Joey Zapata'.

Joey Zapata
Assistant City Manager

Attachment

c: Honorable Mayor and Members of the City Council
A.C. Gonzalez, City Manager
Warren M.S. Ernst, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager
Eric D. Campbell, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Mark McDaniel, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor & Council



Single Stream Recycle Processing Services Procurement

August 10, 2015

Quality of Life & Environment Committee



Presentation Overview

- Background: Resource Recovery Planning Study and Recommendations
 - Recommendation to issue Request for Competitive Sealed Proposal (RFCSP) related to single stream recycle processing services
- Actions Prior to RFCSP Issuance
- Request for Competitive Sealed Proposals (RFCSP) Development, Overview and Timeline
- RFCSP Proposals Received and Scoring
- Highest Ranking Proposal Overview
- Recommended Vendor Review
- Proposed Next Steps
- Appendix – Additional Information

Resource Recovery Planning Study

- In June 2014, staff briefed the Transportation and Trinity Committee on the City's recently completed Resource Recovery Planning Study. The study:
 - Reviewed Resource Recovery planning needs
 - Current recycle processing contract ends in December 2016
 - Many cities nationwide are seeing significant financial impacts associated with recent recycle processing contracts (loss of revenue and/or actual cost for service)
 - Reviewed waste diversion opportunities and resource recovery technologies
 - Analyzed which technologies Dallas should or should not consider, either through City investment or a public-private partnership
 - Provided potential implementation recommendations

Resource Recovery Planning Study

- The study made two key recommendations:
 - Emerging waste diversion technologies are promising, but not financially viable at this time for Dallas (due to low disposal costs)
 - **Dallas should begin immediately to conduct a procurement that includes the ability to receive broader proposal options than previously considered. The recommendation stated that the City should consider:**
 - **Making land available at the McCommas Bluff Landfill for a Material Recovery Facility**
 - **Developing a procurement that allows for a direct comparison between a processing services agreement and a recycling facility with processing agreement located at McCommas Bluff Landfill**

RFCSP Development

- June 2014 - Council approved a supplemental agreement for professional consulting services to assist the City with the Single Stream Processing RFCSP and to assist in the technical and financial evaluation of submitted proposals
- July thru September 2014 - City staff and consultant completed the first draft of the RFCSP
- October – December 2014 – Staff held four meetings in the Southeast Oak Cliff Community (near the landfill) to receive input related to the potential of a facility being located at McCommas Bluff Landfill for inclusion into RFCSP
- December 18, 2014 final RFCSP (with input from the community) was advertised and published

Final RFCSP Overview

- Options for companies to propose on either (or both) delivery methods
 - **Processing Services Agreement (PSA):** Contractor processes material at a facility that meets RFCSP requirements.
 - **McCommas Bluff Facility:** City to make 15 acres available to proposers to design, build and operate a facility at McCommas Bluff Landfill.
 - Capital cost to be born by proposer and ownership transitions to the City of Dallas at contract termination.
 - Opportunity for facility to “anchor” Resource Recovery Park

Final RFCSP Overview

- Key RFCSP provisions:
 - **Contract Term:** 15 years with optional renewals (up to 10 additional years)
 - **Background and Experience:** Experience, Ownership, Financial Capacity, Performance
 - **Financial Considerations:** Processing Fee, Commodity Revenue Share, Host Fees (McCommas Bluff option) and Public Education Support
 - **Performance Based Specifications:** Focus on meeting industry standards
 - **Proposed Approach:** Personnel, site details, operational approach and capacity, partnering with local community, employee pay and work environment, ability for tours and outreach at the facility, approach to commercial, multi-family recycling and City's "Zero Waste" goals
 - **Business Inclusion and Development Plan goals**

RFCSP Review Timeline

- RFCSP issued - December 18, 2014
- Final proposals received – March 18, 2015
- Evaluation team review - March 23 – May 13, 2015
- Proposer Interviews – April 23-24, 2015
- Best and final submissions – May 1, 2015
- Final evaluations completed – May 2015

Proposals Received (listed alphabetically)

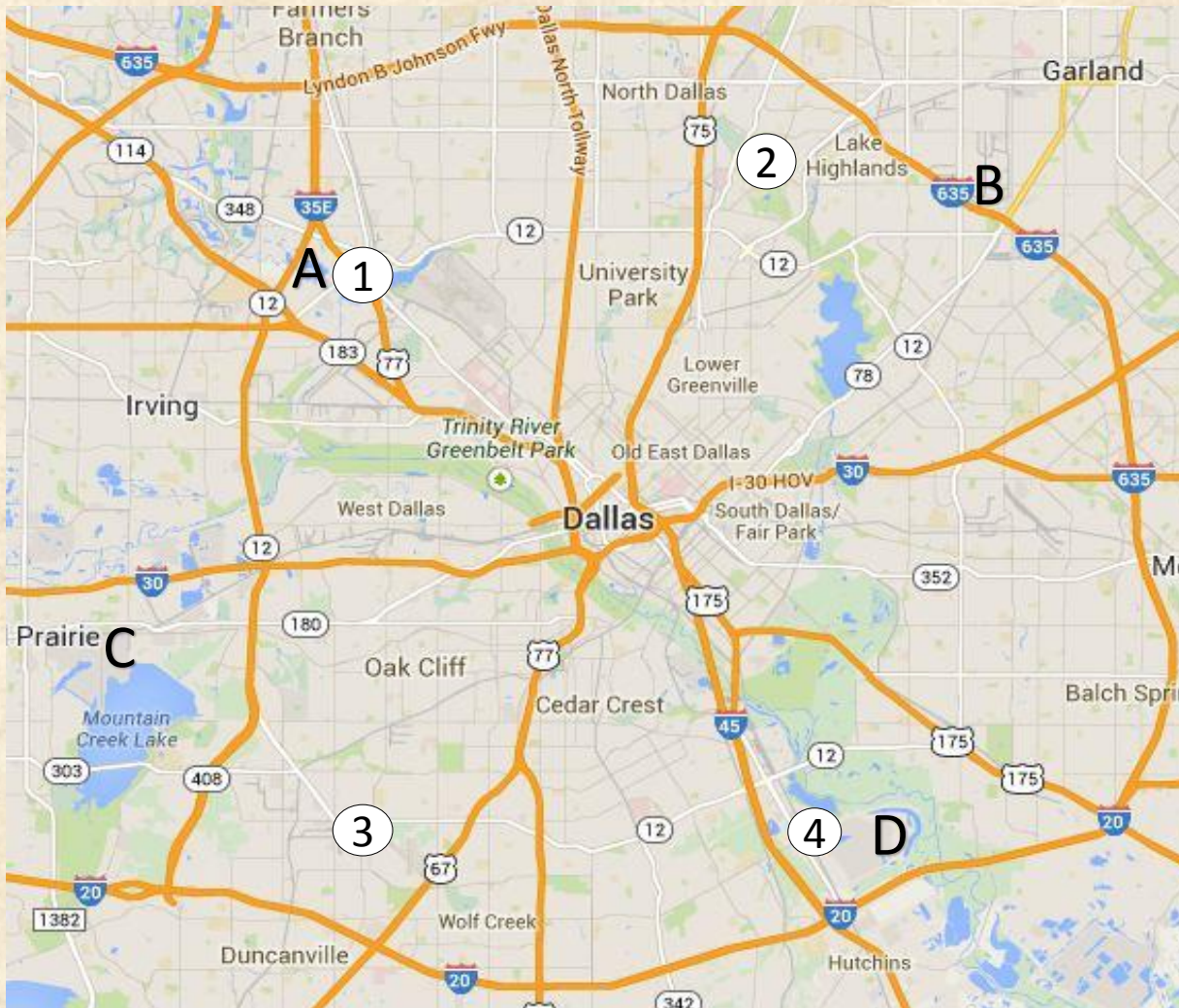
- **McCommas Bluff Facility**

- Balcones Resources (BR)
- Community Waste Disposal (CWD)
- FCC Environmental (FCC)
- ReCommunity (RC)

- **PSA**

- Balcones Resources (BR)
- Community Waste Disposal (CWD)
- Greenstar Mid-America, LLC (owned by Waste Management) (WM)

Location of Proposed Sites



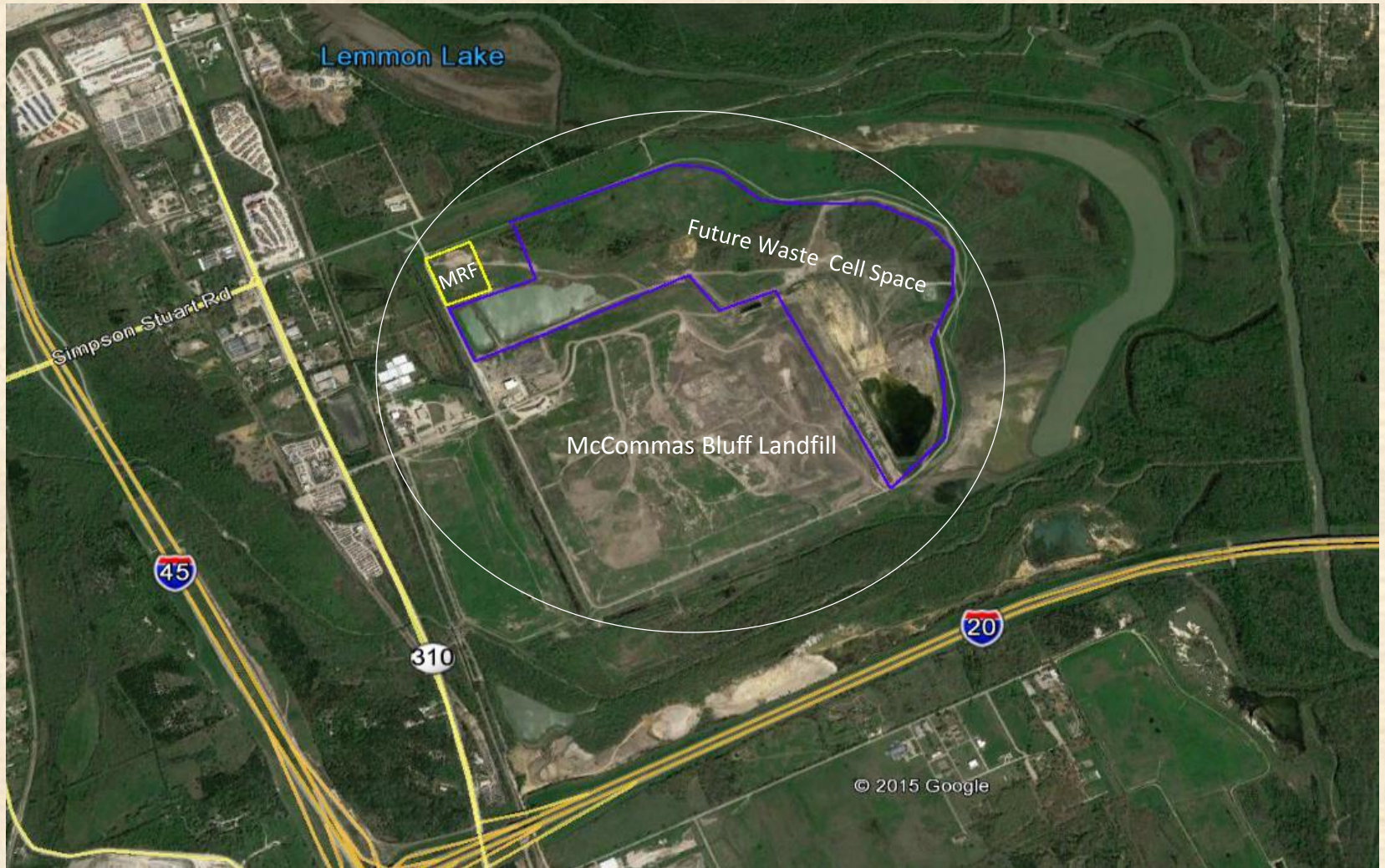
Location of Proposed Sites:

- A. CWD - PSA
- B. Waste Management - PSA
- C. Balcones - PSA
- D. McCommas Bluff
- 4 Proposals

City of Dallas Facilities:

- 1. Bachman TS
- 2. Fair Oaks TS
- 3. Oak Cliff TS
- 4. McCommas Bluff LF

McCommas Bluff Landfill Location



Final Scoring and Rankings

Criteria	Max Points	Balcones (PSA)	Balcones (MB)	CWD (PSA)	CWD (MB)	FCC (MB)	ReCommunity (MB)	WM (PSA)
BID Plan	15	10	10	11	11	15	8	8
Background & Experience	15	13.06	12.81	12.81	12.81	13.05	12.88	11.75
Proposed Approach	30	21.75	23.63	23.00	22.75	26.35	24.38	18.75
Financial Value	40	26.10	0	34.10	18.10	40.00	21.20	26.50
Total	100	70.91	46.44	80.91	64.66	94.40	66.46	65.00

MB – McCommas Bluff Landfill Facility Option
 PSA – Processing Service Agreement Option

Highest Ranking Proposal

- Fomento de Construcciones y Contratas, S.A., (FCC) had the most advantageous proposal. FCC had the highest ranking or was essentially tied for the highest ranking in all four criteria
 - Large European-based company involved in solid waste/recycling, construction, water, environmental and other industries
- FCC's proposal is to build and operate a new 120,000 ton per year Material Recovery Facility at McCommas Bluff Landfill

FCC Company Background and Experience

- More than 100 years of experience with municipal contracts, providing services in more than 5,000 municipalities worldwide
 - Over 65,000 employees worldwide
- 220 locations/facilities that manage 16 million tons of solid waste and recycling annually worldwide
- Facilities include recycling processing (MRF), anaerobic digestion, waste-to-energy and landfills
- Comparable reference MRFs in the United Kingdom, but none in the U.S.
 - FCC manages 52 material recovery facilities and owns 3 pure single stream MRF's and is in a partnership for a 4th (similar to the size proposed in Dallas)

FCC Company Background and Experience

- Publicly traded on Madrid Stock Exchange
 - Largest Individual Shareholders: Carlos Slim (25.63%), Esther Koplowitz (22.43%), Bill Gates (5.73%)
- U. S. Headquarters in The Woodlands, Texas (near Houston), multiple service and construction projects in the U. S.
 - Working in the US for more than 20 years (environmental, construction and cement)
 - FY 2014 US revenues - \$500M

FCC Proposal Approach

- Only proposal to guarantee positive financial value to the City
- Did not request any exceptions to the City's contract terms
- Only proposer to agree that the City will not pay to process recyclables, even in a low commodity market
- Proposal most thoroughly addressed the City's key provisions and requirements from the RFCSP
- FCC experienced with operating similar facilities
- Marketing strategy: combination of local and international markets
- Facility site plan and layout well thought out and allows for potential expansion
- Proposal addresses community concerns

FCC Facility Approach

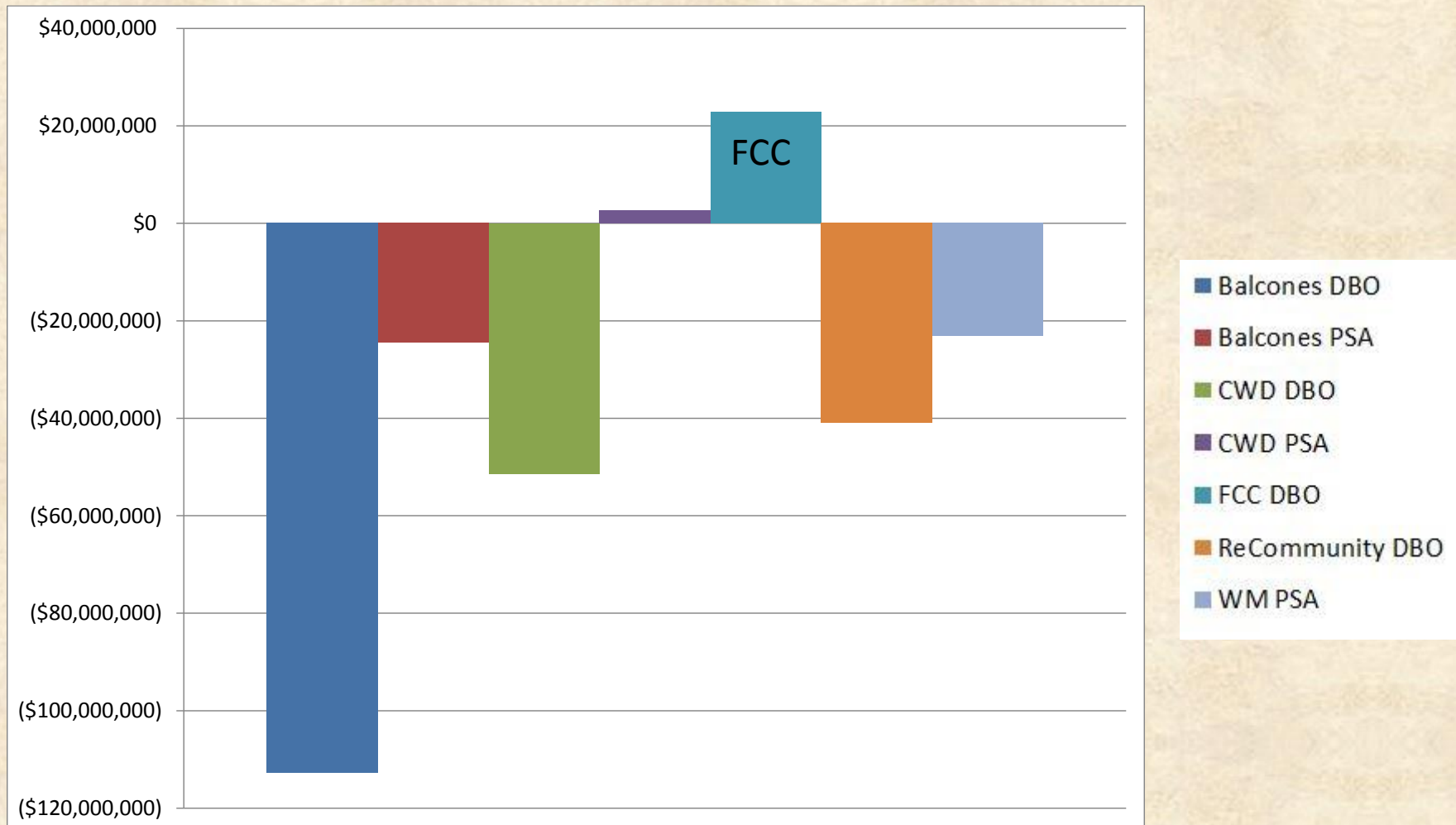
- Attractive facility that includes a visitor/meeting facility that can be utilized for scheduled education and outreach
 - Operating facility includes a climate controlled viewing platform for educational tours
- Only concrete tilt wall construction proposed (compared to steel beam/metal build)
- Proposed Tier IV, CNG and Electric fleet
- Expanded recyclable material to be accepted: household metals (pots/pans), clean aluminum foil, #6 plastics, and rigid plastics
- Processing equipment equal to or better than other proposals
- Only proposal to guarantee third party tonnage, which provides environmental and financial benefits to the City
- Current schedule provides ability to meet December 2016 deadline

FCC Financial Value

- Based on a combination of nine commodity market and tonnage scenarios, FCC provided the greatest financial value to the City (ranging from \$15M - \$34M)
- Utilizing low to mid-range value assumptions FCC proposal is estimated to bring \$15M - \$22 million in value to the City over the initial 15 year term
 - 50/50 revenue share (on net revenues after processing fee deduction)
 - FCC to pay City host fee of \$15 per ton and guarantees to bring 366,000 tons over 15 years
 - FCC to pay additional public education fee of \$1 per household annually (utilizing a 250,000 home estimate)
- Processing capital fee capped
- No City payments to FCC regardless of market conditions

Financial Comparison – 15 Year Total Value

(based on an average value of 9 scenarios)



Financial Comparison – 15 Year Total Value

(based on an average value of 9 scenarios)

Rank	Firm	MRF Location	Avg. Total Value ¹	Difference
1	FCC	McCommas Bluff	\$22,793,487	\$0
2	CWD	Vendor Site	\$2,726,999	(\$20,066,488)
3	WM	Vendor Site	(\$23,111,710)	(\$45,905,197)
4	Balcones	Vendor Site	(\$24,463,797)	(\$47,257,284)
5	ReCommunity	McCommas Bluff	(\$40,920,950)	(\$63,714,437)
6	CWD	McCommas Bluff	(\$51,357,220)	(\$74,150,707)
7	Balcones	McCommas Bluff	(\$112,779,320)	(\$135,572,807)

- Based on the average of the nine scenarios from the scenario analysis. The amount represents the total 15 year value

FCC Financial Value Breakdown

- Estimated \$15M - \$22M in value to the City over the initial 15 year term (utilizing low to mid-range value assumptions)

Financial Value	Low Commodity	Mid-Range Commodity
Commodity Revenue	\$0	\$6.6M
Guaranteed Host Fee	\$6.5M	\$6.5M
Capital Asset Value	\$5.1M	\$5.1M
Public Education Fee	\$3.75M	\$3.75M
Total	\$15.3M	\$22M

FCC's Approach to Employees and Community

- Sorters will work in climate controlled cabins (only company to propose this approach)
- FCC will utilize a robust safety program, including the use of proximity indicators for employees working in areas with motorized equipment
 - Appropriate Personal Protective Equipment also provided
- FCC's proposes hourly employee wages at or above \$12/hr. (significantly better than all other proposals) and look to hire locally
- Agreed to limit facility impacts and address concerns in a timely fashion
 - Agreed to exclude Simpson Stuart Road (west of I-45) for ingress and egress
- Plan to partner with the City of Dallas on local school recycling and waste diversion education programs and to target outreach to elementary schools in the Southeast Oak Cliff area.
- Plans to assist in outreach to commercial sector related to recycling

FCC BID Plan

Business Inclusion and Development (BID) Plan

- FCC received the highest point total from the seven proposals
- Support local business during the design, building and operation
- Design: Pacheco Koch and GSR Andrade Architects
- Building: FA Peinado and GSR Andrade Architects
- Operations: Hire local employees, partner with M/WBE local haulers and engage other M/WBE companies

FCC Site Plan at McCommas Bluff



FCC Site Plan at McCommas Bluff



FCC Facility Layout



Final Recommendation

- Staff recommends awarding a 15 year contract (with the option for extensions up to 10 years) and land lease to FCC to build a Material Recovery Facility and provide single stream recyclable processing services at McCommas Bluff Landfill – Estimated financial value of \$15M - \$22M
 - Positive FCC’s proposal components include:
 - Highest proposed financial value to the City over 15 years
 - Only proposer to take no exceptions to proposed contract requirements
 - Including that the City will never pay for recyclable processing
 - Very positive approach to employee work environment and pay
 - Highest ranked BID commitment
 - Significant company experience designing and operating material recovery facilities
 - Commitment to partner with surrounding community
 - Attractive and functional facility design, including a facility education room and operational facility with integrated tour platform
 - Commitment to outreach to multi-family and commercial sector

Proposed Next Steps

- August 10th: Receive input from Quality of Life & Environment Committee
- August 19th: Planned presentation to the Full City Council (if requested)
- August 26th: Planned Council consideration of FCC contract
- August 26th: Planned Council consideration of consulting services contract with Burns and McDonnell for facility construction and processing equipment quality assurance and acceptance
- December 2016: Material Recovery Facility completed before current processing agreement ends

Questions?

Appendix

Additional Information

Additional Related Efforts

- Community meeting at Highland Hills Library planned for August 17th
- TCEQ Permit amendment for MRF at McCommas Bluff Landfill submitted in July 2015
- Sanitation Services will facilitate and coordinate with Development Services for expedited building construction review and permitting

Evaluation Criteria

Criteria	Max Points
Minimum Qualifications	Pre-requisite
Business Inclusion and Development Plan (BID)	15
Company Background and Experience	15
Proposed Approach	30
Financial Value	40
Total	100

Evaluation criteria allows the City to consider a specific range of evaluation criteria, including but not limited to price

RFCSP Review and Evaluation Team

- RFCSP evaluation team consisted of four City departmental executives from four different departments
 - Three Directors and one Assistant Director
- Additional RFCSP high level support came from the:
 - City Attorney's Office
 - Business Development and Procurement Services
 - Sanitation Services
 - City's consulting team

Dallas Program, Enhanced by FCC

Accepted Program Materials

- **Paper** - Office paper, ad/circulars, cardboard, chipboard (cereal boxes, paper towel and toilet paper cores), magazines, paper bags, envelopes, beverage containers, etc.
- **Plastics** labeled 1 to 7
 - #6 added and not currently in the Dallas program
- **Rigid plastics**
 - Added and not currently in the Dallas program
- **Glass**
 - Bottles and jars
- **Metals**
 - Aluminum drink cans, metal food cans and lids
 - Household metals (pots/pans), clean aluminum foil and pie plates added and not currently in the Dallas program

FCC Fifteen Year Projections Based on Varying Commodity Values

Fiscal Year	Low Value Scenario	Average Value Scenario	High Value Scenario
2017 (Partial)	\$243,750 – \$243,750	\$538,884 – \$538,884	\$863,560 – \$863,560
2018	\$381,250 – \$381,250	\$796,406 – \$821,316	\$1,233,638 – \$1,284,781
2019	\$461,200 – \$461,200	\$869,322 – \$919,766	\$1,310,926 – \$1,415,952
2020	\$639,284 – \$639,284	\$1,039,897 – \$1,116,420	\$1,485,916 – \$1,647,637
2021	\$700,972 – \$700,972	\$1,093,586 – \$1,196,638	\$1,544,065 – \$1,765,358
2022	\$711,795 – \$711,795	\$1,095,906 – \$1,225,822	\$1,550,891 – \$1,834,694
2023	\$722,878 – \$722,878	\$1,097,967 – \$1,254,949	\$1,557,501 – \$1,906,807
2024	\$734,227 – \$734,227	\$1,099,759 – \$1,283,851	\$1,563,889 – \$1,981,731
2025	\$745,848 – \$745,848	\$1,101,272 – \$1,312,339	\$1,570,043 – \$2,059,489
2026	\$757,749 – \$757,749	\$1,102,496 – \$1,340,193	\$1,575,955 – \$2,140,091
2027	\$769,935 – \$769,935	\$1,103,422 – \$1,367,160	\$1,581,616 – \$2,223,531
2028	\$782,413 – \$782,413	\$1,104,039 – \$1,392,954	\$1,587,014 – \$2,309,786
2029	\$795,191 – \$795,191	\$1,104,335 – \$1,417,250	\$1,592,141 – \$2,398,810
2030	\$808,276 – \$808,276	\$1,104,301 – \$1,439,677	\$1,596,984 – \$2,490,534
2031	\$821,674 – \$821,674	\$1,103,924 – \$1,459,815	\$1,601,534 – \$2,584,863
2032 (Partial)	\$5,264,457 – \$5,264,457	\$5,331,406 – \$5,424,906	\$5,457,053 – \$5,726,025
Total	\$15,340,899 – \$15,340,899	\$20,686,922 – \$23,511,939	\$27,672,726 – \$34,633,651

Details of Proposal Financial Components

Rank	Company	Location	Processing Fee	Host Fee	Education and Outreach Fee	Depreciated Capital Value
1	FCC	McCommas Bluff	\$70.84	\$15.00*	\$1.00	\$5,055,608
2	CWD	Vendor Site	\$73.02	N/A	\$0.00	N/A
3	WM	Vendor Site	\$100.50	N/A	\$0.20	N/A
4	Balcones	Vendor Site	\$93.00	N/A	\$0.00	N/A
5	ReCommunity	McCommas Bluff	\$137.80	\$0.00	\$0.10	\$6,860,000
6	CWD	McCommas Bluff	\$144.68	\$1.00**	\$0.00	\$12,659,436
7	Balcones	McCommas Bluff	\$123.00	\$3.00**	\$0.00	\$10,675,000

* FCC has guaranteed to bring 366,000 tons over 15 years

** No guarantee or estimate of additional tonnage

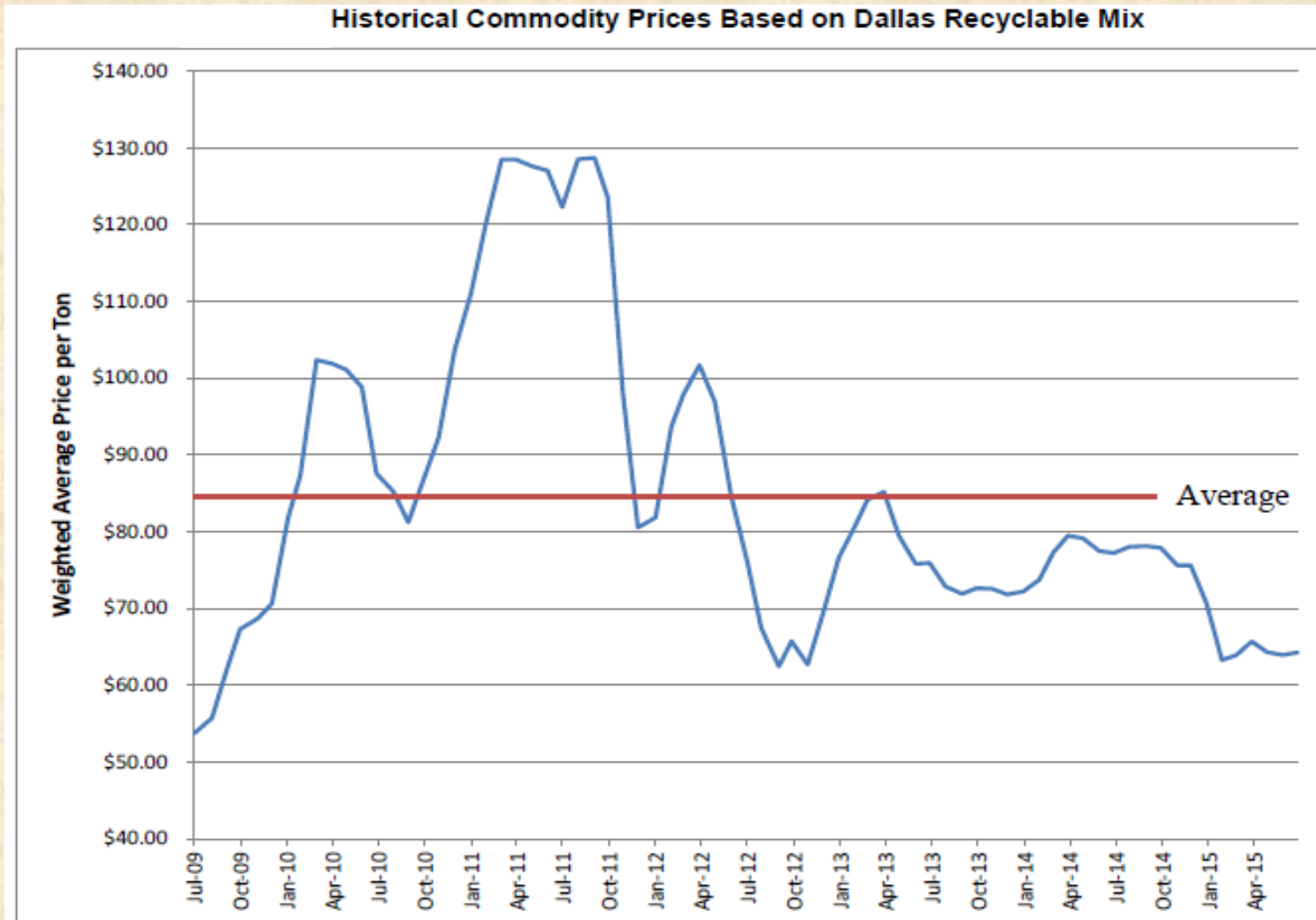
Traffic Analysis Near McCommas Bluff

Landfill

Street	Current 24Hr Count	Estimate 2017 Total assuming all vehicles travel through all intersections (est. 55 additional daily)	Percent Increase	Estimated 2017 Total assuming 50% increase @ any given intersection	Percent Increase
EB Ledbetter @ Bonnie View	14,882	14,937	0.37%	14,910	0.18%
WB Ledbetter @ Bonnie View	14,369	14,424	0.38%	14,397	0.19%
WB Ledbetter @ Central	12,431	12,486	0.44%	12,459	0.22%
EB Ledbetter @ Central	13,141	13,196	0.42%	13,169	0.21%
SB Central @ Ledbetter	7,662	7,717	0.72%	7,690	0.36%
NB Central @ Ledbetter	5,235	5,290	1.05%	5,263	0.53%
NB Central @ Simpson Stuart	3,897	3,952	1.41%	3,925	0.71%
SB Central @ Simpson Stuart	4,937	4,992	1.11%	4,965	0.56%
EB Simpson Stuart @ Bonnie View*	4,729	4,784	1.16%	4,757	0.58%
WB Simpson Stuart @ Bonnie View*	5,654	5,709	0.97%	5,682	0.49%
NB Central @ Simpson Stuart	3,897	3,952	1.41%	3,925	0.71%
SB Central @ Simpson Stuart	4,937	4,992	1.11%	4,965	0.56%
EB Simpson Stuart @ Central	2,747	2,802	2.00%	2,775	1.00%

* Shown for analytical purposes. Vendor has agreed to utilize routes other than Simpson Stuart

Historical Commodity Prices



RFCSP Process Overview: *Collaborative and Time Tested Approach*



Community Input to RFCSP

RFSCP: COMMUNITY INPUT

- October thru December 2014 – Sanitation staff attended four meetings in the Southeast Oak Cliff community to discuss and receive input regarding the option of building a MRF at the McCommas Bluff Landfill.
 - October 11, 2014 - Southeast Dallas Civic Association (SDCA)
 - October 27, 2014 – Tour of the new Republic Services MRF in Ft. Worth (members of the Southeast Oak Cliff Communities Leadership Association and members of the SDCA were invited to attend; approximately 10 members attended)
 - November 17, 2014 - Southeast Oak Cliff Communities Leadership Association
 - December 1, 2014 - Singing Hills Neighborhood Association
 - December 15, 2014 - Community meeting at the Highland Hills Library

Community Input

- Request/Concern: Concerned about increased litter on Simpson Stuart which is sometimes used by collection vehicles transporting waste to McCommas Bluff Landfill
- How addressed:
 - RFCSP requirement – All proposers were requested to minimize travel through residential areas and maximize use of highways and major thoroughfares. For a facility at McCommas Bluff proposers were instructed to not utilize Simpson Stuart Road (west of I-45) as a transportation route. For McCommas preferred collection routes should include highways such as I-20, I-45, and SH 310. Facility and site maintenance plans required as part of RFCSP submittal (including litter control).
 - McCommas Bluff Landfill has since expanded its regulatory required litter collection to include Simpson Stuart Road and some portions of Bonnie View Road (potential routes to McCommas Bluff).
 - City transfer trucks hauling waste and recycling from Southwest Transfer Station have been instructed to avoid use of Simpson Stuart Rd.

Community Input

- Request/Concern: Increased traffic used by collection vehicles transporting additional recycling to McCommas Bluff Landfill
- How addressed:
 - RFCSP requirement – All proposer were requested to minimize travel through residential areas and maximize use of highways and major thoroughfares. For a facility at McCommas Bluff proposer were instructed to not utilize Simpson Stuart Road (west of I-45) as a transportation route. For McCommas preferred collection routes should include highways such as I-20, I-45, and SH 310. Facility and site maintenance plans required as part of RFCSP submittal (including litter control).
 - McCommas Bluff Landfill has expanded its regulatory required litter collection to include Simpson Stuart Road and some portions of Bonnie View Road (potential routes to McCommas Bluff).
 - City transfer trucks hauling waste and recycling from Southwest Transfer Station have been instructed to avoid use of Simpson Stuart.

Community Input

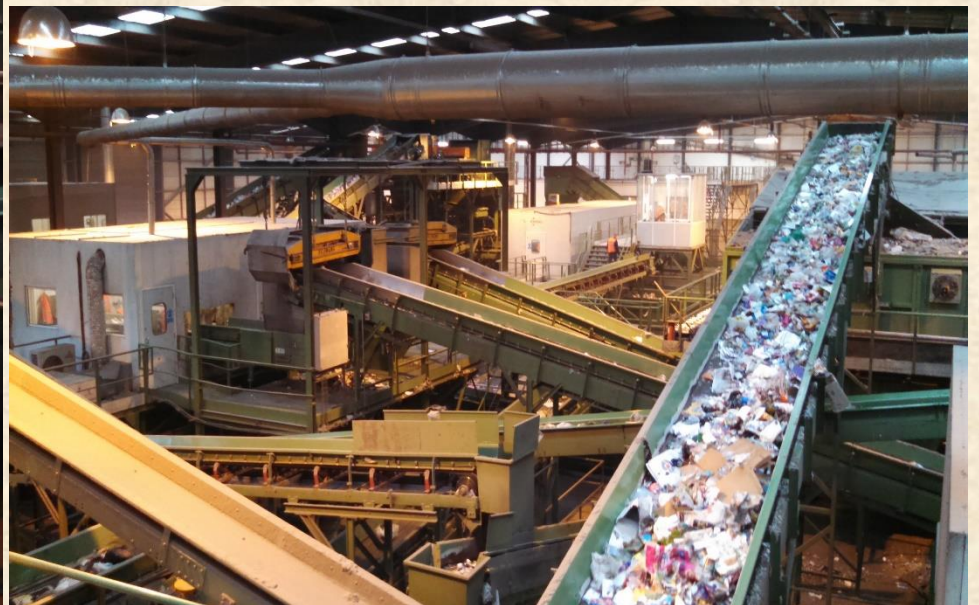
- Request/Concern: Proposers should consider providing well paying jobs and partnering with the community and schools
- How addressed:
 - RFCSP included community partnering, educational opportunities, as well as pay and benefits for hourly employees as part of the approach request.
- Request/Concern: Nuisances (litter, noise, odor) from the facility
- How addressed:
 - A specific requirement concerning litter, noise, odor and other nuisances was included in the RFCSP requirements.

FCC Reference Facilities

Reference Facility – Envirosort (Evesham, UK)



Reference Facility – EnviroSORT (Evesham, UK)



Reference Facility – EnviroSort (Evesham, UK)



Envirosort Neighbors



Re3 – Central Berkshire

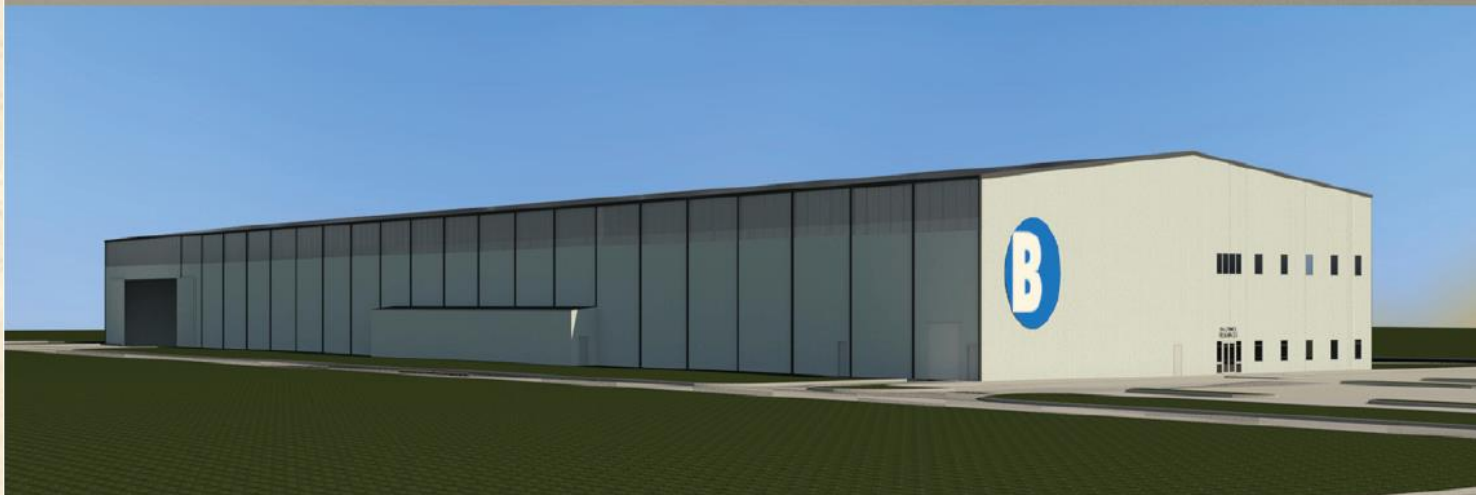


Other McCommas Bluff Proposals

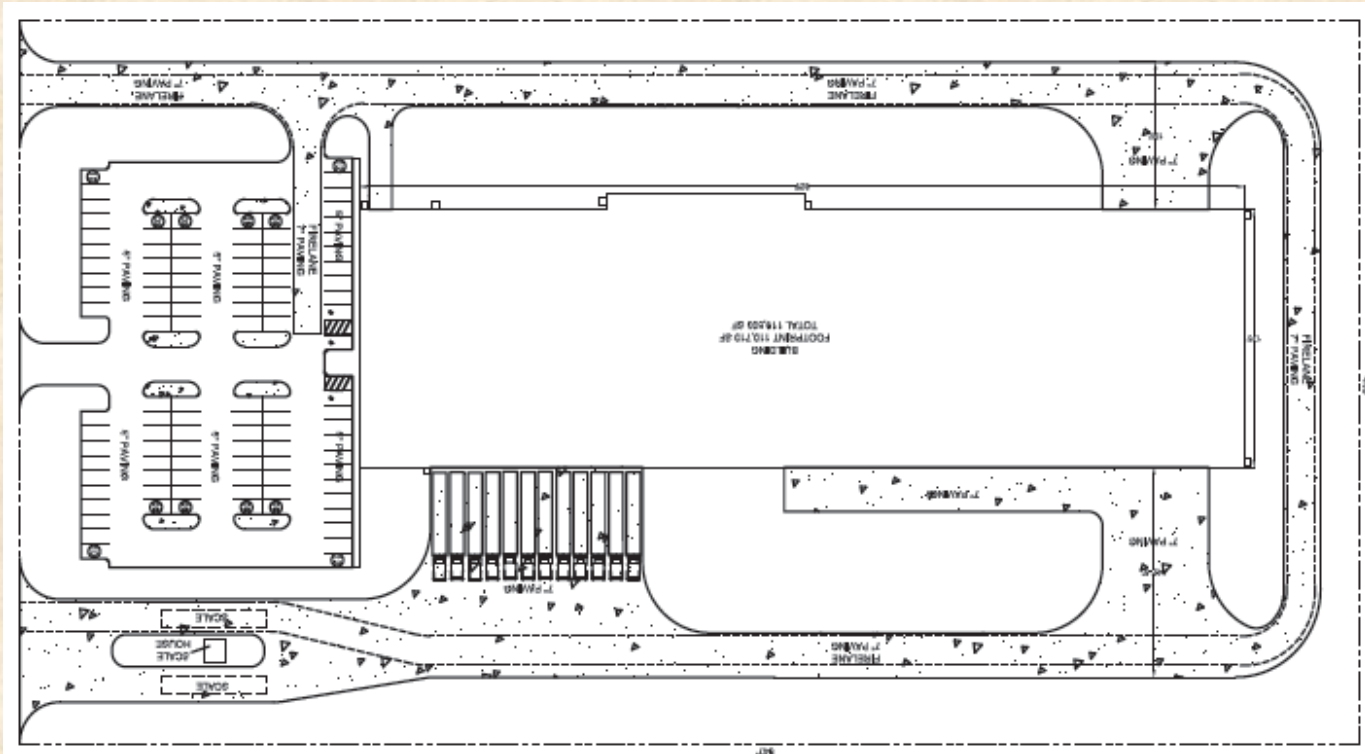
Balcones Resources

- Headquartered in Austin, with operations in DFW and Little Rock
- Privately owned
- Recently built new MRF in Austin and process approximately 60% of Austin's residential recyclables
- Proposing to build a 120,000 SF building
- New BHS processing system
- No exceptions initially identified, but submitted exceptions to revenue share calculation and City would be responsible if processing fee was greater than revenue from sale of material
- Plan to finance with 100% debt

Balcones Resources



Balcones Resources



Community Waste Disposal

- Dallas area company
- Private owned
- Existing MRF in Dallas (see PSA)
- Proposing to build 100,000 SF facility
- New CP processing system
- Listed exceptions to contract, including that the City would be responsible if processing fee was greater than revenue from sale of material

Community Waste Disposal



Community Waste Disposal



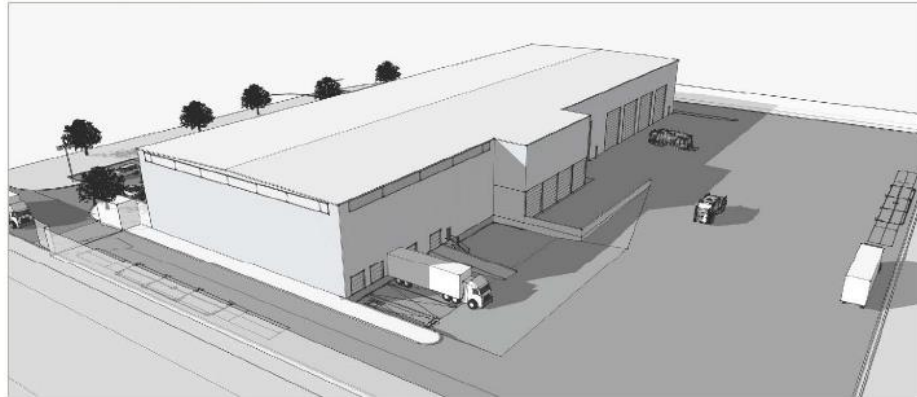
ReCommunity

- Privately owned, primarily by three investment firms
- Process the recyclables for the City of San Antonio
- Proposing 74,000 SF building
- New Van Dyk / Bollegraaf processing system
- Listed exceptions to contract, including that the City would be responsible if processing fee was greater than revenue from sale of material

ReCommunity

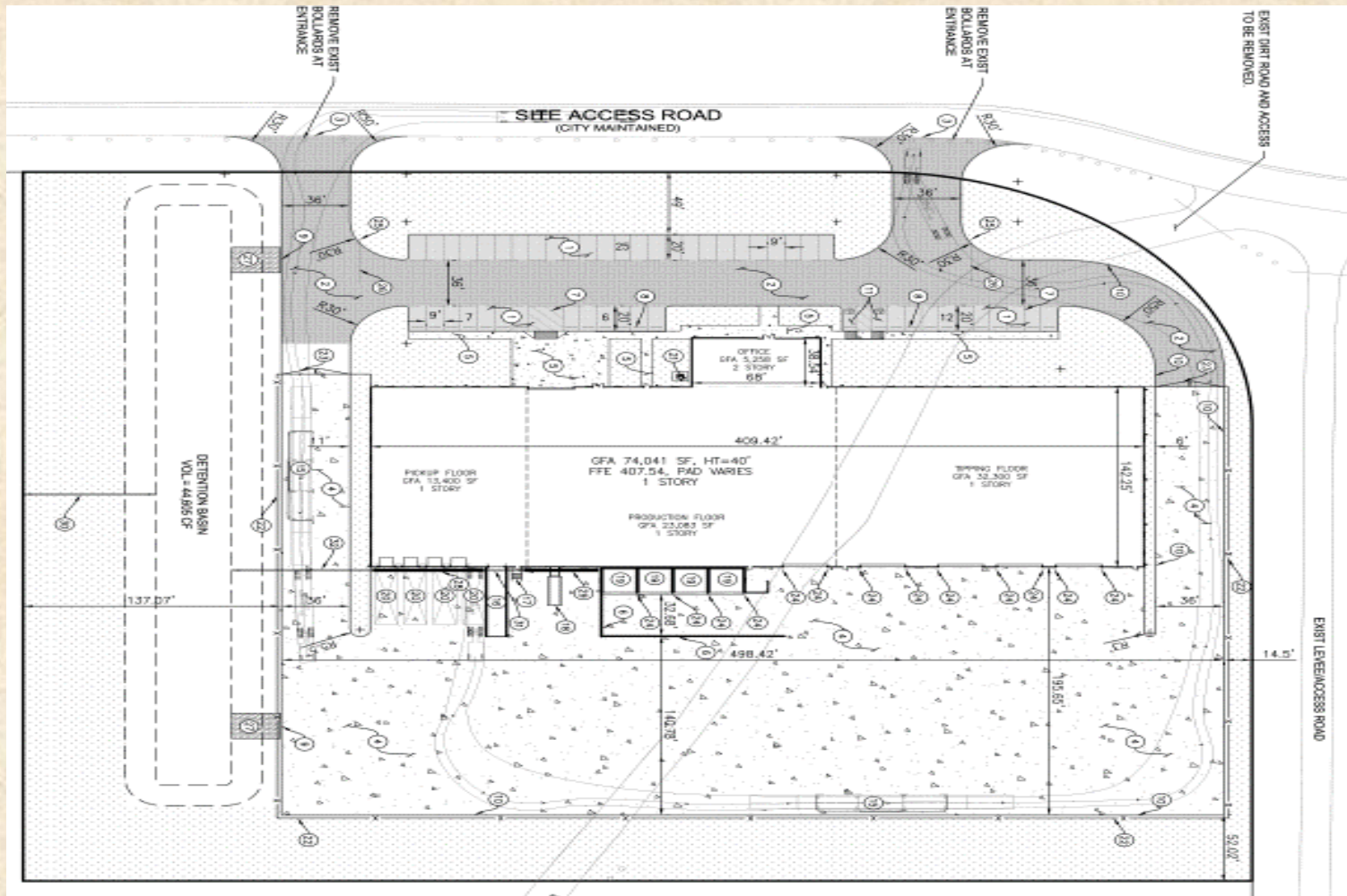


Southwest View



SouthEast View

ReCommunity



PSA proposals

Balcones Resources

- Likely location is Dallas Global Industrial Center
- Would utilize an existing building, but install new processing equipment
- No exceptions initially identified, but submitted exceptions to revenue share calculation and City would be responsible if processing fee was greater than revenue from sale of material

Balcones Resources



Community Waste Disposal

- Would use existing facility, with small expansion and upgraded processing equipment
- Existing facility opened in 1993, with major upgrade in 2004
- Listed exceptions to contract, including that the City would be responsible if processing fee was greater than revenue from sale of material

Community Waste Disposal



Waste Management

- Proposing to use existing facility and equipment
- Attached a Waste Management contract to their proposal

Waste Management

