

**ADDENDUM NO. 2**  
**RECYCLABLE MATERIALS POST-COLLECTION PROCESSING SERVICES**  
**Project No. CMO 24.100**

This Addendum No. 2 is hereby made a part of the project contract documents. It shall be the responsibility of the proposer to inform any affected sub-bidder of the content of this Addendum.

The City of Pleasanton received the below questions related to this Request for Proposals (RFP) before the proposer question cutoff date of September 30, 2024. The City’s answers immediately follow each proposer question. Questions are grouped by topic and, occasionally, multiple questions are answered with a single response. The City is performing additional due diligence related to some questions received in accordance with the requirements of the RFP. Those additional answers will be addressed in a subsequent Addendum to be issued shortly.

**QUESTIONS AND ANSWERS**

- Q1. Is the City going to share the list of participants from the Pre-Proposal Meeting?
- Q2. Will the City provide a list of pre-bid meeting attendees?

**ANSWER:**

Name	Affiliation
Chris Yi	City of Pleasanton
Ryan Smith	City of Pleasanton
ZeeLaura Page	City of Pleasanton
Alexa Jeffress	City of Pleasanton
Rob Hilton	HF&H Consultants
Sara Parral	HF&H Consultants
Bill Dobert	Pleasanton Garbage Services, Alameda County Industries, Bay Counties Smart
Cathy Ng	Waste Management
Chris Mouser	Pleasanton Garbage Services
Chris Valbusa	Alameda County Industries
Enrique Perez	Republic Services
Francine Areas	GreenWaste Recovery
Gina Cardera	Pleasanton Garbage Services
Hiral Mehta	GreenWaste Recovery
Jeanne Serpa	Republic Services
Jeff Dobert	Bay Counties Smart
Kent Kenney	Alameda County Industries
Marcus Netz	Waste Management
Morgan Oblinsky	GreenWaste Recovery
Rich Dubiel	BLT Enterprises
Sambhav Ahuja	GreenWaste Recovery
Shawn Gutterson	BLT Enterprises
Todd Snider	Cal-Waste
Trevor Manasse	Napa Recycling
William Avery	Waste Management

Q3. Is the City able to share a copy of the Power Point Presentation from the Pre-Proposal Meeting?

**ANSWER:** The City shared the Pre-Proposal Meeting PowerPoint with the interested parties list on Wednesday, September 25, 2024.

Q4. When will the city provide a word version of the processing agreement?

**ANSWER:** The City shared a Word version of the Agreement with the interested parties list on Wednesday, September 25, 2024.

Q5. Slide 9 of the Prep-Proposal Virtual Meeting Presentation: Submittal Requirements. The Submittal Requirements in the presentation include a section for Experience Modification Factor, but this section is not listed in the Submittal Requirements for the RFP itself. Should this section be included, or otherwise ignored?

**ANSWER:** The City would like the proposer to include in the submittal requirements under Company Description an Experience Modification Factor.

Q6. Pg 17 of the RFP: Proposal Outline: Table 6 in the Proposal Outline has different titles for some of the Proposal Sections than the Submittal Requirements; for instance, “Acceptance of RFP and Processing Agreement for Materials Processing and Diversion Services” in the Proposal Outline, but “Acceptance of RFP and Terms of Agreement” in the Submittal Requirements. Which language takes precedence?

**ANSWER:** The Proposal Outline titles, “Acceptance of RFP and Processing Agreement for Materials processing and Diversion” and “Rate Proposal Form” take precedence.

Q7. The tonnage composition does not include all parts of the waste stream. We are missing PP, metal, and mixed plastic. Additionally HDPE is not separated into natural or color. Residue and fines is also not included.

- a. Do we have actual tonnages available unprocessed?
- b. Do the tonnage reports show what Pleasanton wants to receive revenue for?
- c. We would need to see at least the residue percentage

Q8. What are the total collected recyclable tons?

Q9. What is the total monthly inbound material?

Q10. What are the total collected recyclable tons?

Q11. Pg 6 of the RFP: 2.2 Historical Tonnage Data: The table appears to provide tons of recovered material at the Processing Facility. Can you please provide the total recyclable volume collected by PGS?.

Q12. The RFP indicates historical commodity weights, but does not list historical residue weights or residue percentage. Will the City please provide this data?

**ANSWER:** The table provided below is the information that PGS has provided the City, however it is reflective of a facility that is performing well below industry standards. The City is expecting the selected provider will have better processing capabilities.

	ALUM	GLASS	PET	HDPE	TIN	CBOARD	MPAPER	TOTAL	TOTAL TONS MARKETED	TOTAL TONS DELIVERED	TOTAL RESIDUE	RESIDUE PERCENTAGE
2023												
Jan	3,750	310,222	28,598	17,040	15,768	246,682	259,626	881,686	440,843	932.10	491.26	53%
Feb	7,066	261,042	24,374	14,408	15,880	196,521	189,001	708,292	354,146	709.40	355.25	50%
March	4,570	270,544	27,090	16,994	15,702	223,438	214,703	773,041	386,521	844.10	457.58	54%
April	3,404	244,000	28,472	12,900	12,580	187,570	190,956	679,882	339,941	1010.70	670.76	66%
May	3,186	258,872	27,038	17,004	17,250	221,185	231,893	776,428	388,214	977.30	589.09	60%
June	4,120	279,142	28,468	16,970	15,716	245,125	268,395	857,936	428,968	1061.00	632.03	60%
July	2,632	235,560	28,492	15,682	14,192	230,268	281,022	807,848	403,924	915	511.08	56%
August	5,796	280,504	35,325	16,968	15,552	235,312	298,720	888,177	444,089	975.6	531.51	54%
Sept	6,860	263,148	27,110	16,938	14,204	205,054	270,827	804,141	402,071	980.6	578.53	59%
Oct	9,072	280,676	28,406	18,300	15,698	214,019	288,965	855,136	427,568	962.8	535.23	56%
Nov	13,314	262,668	21,722	18,290	17,304	217,014	283,004	833,316	416,658	1095.1	678.44	62%
Dec	10,206	274,966	23,156	15,678	17,106	195,415	241,328	777,855	388,928	885.9	496.97	56%
<b>Total</b>	<b>73,976</b>	<b>3,221,344</b>	<b>328,251</b>	<b>197,172</b>	<b>186,952</b>	<b>2,617,603</b>	<b>3,018,440</b>	<b>9,643,738</b>	<b>4,822</b>	<b>11,349.60</b>	<b>6,527.60</b>	<b>58%</b>

Q13. Is there a residue and commodity composition study that will be provided?

Q14. What is the current diversion rate and residue percentage of the material being received at the moment?

**ANSWER:** No study has been performed by the City or PGS. Quarterly reports from PGS provided in the RFP present all of the data that is available to the City.

Q15. Is the city providing cost forms for the bidders to submit for the RFP?

Q16. Can the City provide an excel version of the rate proposal form?

**ANSWER:** The City has received this request and is intending to provide an Excel version of the rate proposal. This will be shared with interested parties in a subsequent addendum.

Q17. Under assumptions, point 4 – Commodity Mix – Can the City please clarify the expected response?

**ANSWER:** While the City has provided some information about current operating results, the City is aware the facility is not optimized and anticipates that proposers may achieve significantly higher yield rates and significantly lower residue rates. The City is asking for proposers to review the current information and make assumptions about what they think the City’s material mix will look like when processed in the proposed facility using its technology and processes.

Q18. Pg 21 of the RFP: Option 1. Simple CPI Adjustment Methodology. What indices from [www.secondarymaterialspricing.com](http://www.secondarymaterialspricing.com) will be used to benchmark commodity rate increases?

**ANSWER:** Specified indices for each grade of commodity. The City will select grades in negotiation with selected provider based on grades that are targeted by that facility. Grading of material will be taken into consideration, as it is impacted by revenue received by City.

- Q19. Could the City provide a sample calculation showing how market indices (Revenue Share bullet #2) and the City's allocation and facility performance (Revenue Share bullet #3) are translated into a Revenue share amount for year one and year two?

**ANSWER:** We have received the question and are preparing a calculation example that will be shared with interested parties in a subsequent addendum.

- Q20. In regards to 5.4.10 Process for Setting and Adjusting Tipping Fees and Recyclable Materials Revenue Sharing Calculation, is the Proposer responsible for proposing annual rate adjustment methodologies for both Option 1 and Option 2. Meaning, the Proposer is responsible for proposing a methodology (and index) for the "simple CPI-based adjustment" in Option 1 and a methodology for what the "cost-based methodology" in Option 2? Are proposers required to provide a methodology proposal for BOTH Options 1 and 2, or may a proposer elect to only propose one option and not the other?

- Q21. Do you have to bid both the Simple Adjustment Method and Cost Based Adjustment option?

- Q22. Can you propose a combination of the Simple Adjustment Method and Cost Based Adjustment option?

**ANSWER:** Yes, for the purpose of submitting a compliant proposal, the City requests pricing for both. Please respond to all required elements of the RFP so that your proposal is not disqualified. It would be good to know if providers will be helpful for proposers to state whether there is a preference for one or the other as that would inform where we focus our negotiation with successful vendors. Additionally, the proposer might propose additional options for the City's consideration.

- Q23. Pg 21 of the RFP: Option 2. Cost-Based Adjustment Methodology. Tipping Fee. Can the City please explain the process for calculating the operational results? Also, what combination of indices will be used for the above methodology?

**ANSWER:** The methodologies the City has seen have factors for labor, fuel, and electricity, and some factors for general inflation. The contractor may propose the methodology for reporting proposer's financial operating results for this purpose.

- Q24. Would the City consider a CPI-based tipping fee adjustment for Option 2?

**ANSWER:** Yes, the City would be willing to accept the application of indices to some of the cost categories in lieu of calculating actual expenses and the City invites contractor to propose that and may accept that in negotiation or modify it. Proposers reserve the right to introduce an alternative during negotiations.

- Q25. For the CPI adjustment method it says we have to follow pricing that is posted on secondary material pricing. We have found that we normally do not get the pricing that they have posted especially once you consider freight. Can we use our actual sales data pricing instead?

**ANSWER:** This is an option in the cost-based model. The City will look for the proposer to provide some sort of statement that assures the City the proposer can get market competitive rates and that they are not using below market values.

- Q26. Will the SMP or the OBM index be used and what region for each commodity?

**ANSWER:** The SMP index will be used in either Los Angeles or West Coast region, depending on the commodity.

Q27. Will co-mingle or segregated rate be used for CRV?

**ANSWER:** The City will discuss the use of comingled versus segregated rates with the selected provider based on the processing solution described in their proposal.

Q28. Slide 4 of the Pre-Proposal Virtual Meeting Presentation: RFP Overview – Background - PGS has requested that the City secure separate processing services to enable it to close the PGS MRF, which operates at a relatively high cost per ton. Is the City able to provide the current operating cost per ton?

**ANSWER.** The contract includes a per ton payment to the contractor for processing of recyclables. That original amount, when CPI'd for the intervening years, has escalated to approximately \$190/ton as of rate period seven (current year). The City understands that this is a high cost of operation that results from the relatively small scale. It is the City's expectation that the new contract would result in significant savings from this amount, plus sharing of recycling revenue.

Q29. Will there be a cost from the existing transfer station? What amount?

**ANSWER:** The City will arrange transfer services with PGS. The cost for such transfer is currently not established and is dependent on factors such as the distance to proposer's selected facility.

Q30. Is the City set on a revenue share model?

**ANSWER:** Yes, the City is set on a revenue share model to fund a rate stabilization fund coming from the sale of the City's recyclable materials.

Q31. Would the City be willing to negotiate the 95% revenue share of recovered commodities?

Q32. Can you propose a different Recyclable Materials Revenue Share?

Q33. Can company utilize alternative proven methodologies for Revenue Share?

**ANSWER:** The proposer is welcome to propose as a cost savings or other innovative solution, if they believe it will result in a better overall value than the revenue sharing method already requested. In order to avoid being disqualified, proposers might want to consider submitting a separate, alternative revenue sharing proposal for the City's consideration in addition to the submission of the standard required revenue sharing as described in the RFP.

Q34. Pg 21 of the RFP: Option 2. Cost-Based Adjustment Methodology. Recyclables Revenue Sharing Calculation. Can year one revenue share be calculated based on actual revenue received in the same manner as subsequent years?

Q35. Pg 21 of the RFP: 5.4.10 Process for Setting and Adjusting Tipping Fees and Recyclable Materials Revenue Sharing Calculation. The revenue sharing calculation for rate year one will be based on data most recently available to the City. What data is this referring to? Is the City asking for a guarantee of the year one revenue share at the previous year's level?

**ANSWER:** In response to the question received, the City hereby modifies Section 5.4.10 of the RFP to read, “The revenue sharing calculation for rate year one will be based the first characterization study performed by the selected provider.”

Q36. Bullet #3: Can the City provide a sample calculation of how the characterization study would be used to adjust the revenue share calculation?

**ANSWER:** The City invites each proposer to illustrate their proposed calculation, and the City will negotiate with them based on what has been proposed, provided that it conforms the City’s descriptions.

Q37. Can revenue share be calculated on a monthly basis?

**ANSWER:** The City is open to alternative frequencies for calculation and payment.

Q38. Clarify the role of bidder in public education plan services to be included in services?

Q39. Does the awarded Company have any responsibility for outreach and education? The information provided indicates that the hauler has that responsibility.

**ANSWER:** The City is not looking for the proposer to provide education and outreach; however, there is a desire for a cooperative partnership that supports the identification and communication of improvements between the parties. At a minimum, the City would like the selected provider to review education plans each year and share provider’s suggestions for improvements based on what provider observes at the facility.

Q40. Is the public education and outreach element applicable to this agreement?

**ANSWER:** No, the City provided the Exhibit only to allow the proposer to get a sense of what is going on with education and outreach.

Q41. What is the current outreach and education program for recycling?

**ANSWER:** See Attachment 6 of the RFP, Draft PGS Public Education and Outreach Plan (Exhibit C of PGS Collection Agreement).

Q42. Can alternative Material Characterization processes that are mutually agreeable be proposed?

**ANSWER:** Per section 5.4.11 of the RFP, the City is requesting the proposer to propose a material characterization study methodology for consideration. The final methodology must be mutually agreed upon by the City.

Q43. Who is the third party that will be performing the Residue and material characterization study of the Recyclable Materials Processed?

**ANSWER:** It is the selected provider’s responsibility to perform the characterization study. If a third party is needed to perform the study, the selected provider would be responsible for any associated costs. The City will need to approve both the third-party provider and methodology.

Q44. In order to determine the revenue amount of commodity sales would the City accept a total weighed average of commodity revenue for the facility?

**ANSWER:** This may be a reasonable approach; however, the selected provider will assume all risk associated with the provider's chosen methodology.

- Q45. If the Contractor is unable to sell any of the recovered recyclable materials- and generate revenue accordingly, but rather ends up paying to offload such materials, is the Contractor solely responsible for such costs? Or is the City willing to share in the costs of such instances?

**ANSWER:** In instances where a negative value is seen for a commodity, the City anticipates the market index would also reflect a negative commodity value. Section 2.2 and Section 8.6 describe procedures to be employed during periods of market instability resulting in the forced disposal of approved materials.

- Q46. Regarding capacity guarantee, is this guarantee request for the RFP stated volume of approximately 5000 tons per year? Or is there a different cap on the volume guarantee the city is looking to secure that will accommodate anticipated recyclables volume growth based on City's general plan growth during the base term of four years?

**ANSWER:** While the City does not anticipate significant changes in tonnage, the City is looking for assurances of the total amount actually collected. This may vary from year to year.

- Q47. P12, 3.1.1, Recyclables Materials Processing Services, top of page: "All residual material from the processing activities that is not marketed for use shall be accounted for as disposal tonnage at a permitted disposal site. No recyclable materials shall be transported to a domestic or foreign location if it is intended for disposal."

a. Question: Please clarify if secondary processing of MRF residue allowable.

**ANSWER:** Secondary processing of MRF residue is allowable if the processes have been disclosed by the provider and approved by the City in advance. Proposals should include provider's preferred processes.

- Q48. Is the Collection Contractor able to hold/store recyclable material in the event the Processing Contractor has a mechanical breakdown? If yes, for how many days?

**ANSWER:** The City expects the selected provider to identify emergency backup sites for short-term disruptions. While some short-term storage may be possible, it should not be the expectation of the selected provider.

- Q49. Pg 21 of the Draft Agreement (5.1C (1)): Materials Collected by the Franchised Collector that are not Collected in the regular Recyclable Materials Collection containers such as, but not limited to: Electronic Materials, Universal Materials, Sharps, and Bulky Items that are Diverted by the Franchised Collector. Could this be construed to include cardboard bins and cardboard compactors collected by Franchised Collector?

**ANSWER:** It is the intent of the City to include all recyclable materials collected by PGS as described in the Franchise Agreement, including cardboard. Recyclable Materials are defined as:

"Recyclable Materials or Recyclables" means newspaper, cardboard, mixed color paper, white paper, junk mail, magazines, telephone books, paper bags, cereal and food boxes, egg cartons, plastic bottles and containers labeled #1-7, plastic milk containers, detergent containers, clear, brown, and green food and beverage container glass, cans of aluminum, steel, tin, food cans, empty aerosol cans, pie tins or other materials having economic value contained within a load of Recyclable Materials which have been separated from Solid Waste and Organic Materials prior to Collection, and may also include any other type of Recyclable waste material agreed on by the Parties.

Q50. Pg 24 of the Draft Agreement (5.4 D): Contractor shall Process all Recyclable Materials such that each Diverted commodity is of sufficient quality to attract the highest domestic market prices for which similar commodities, produced by other local Processing facilities that Process single-stream Recyclable Materials, are sold. Contractor's operation of the Approved Recyclable Materials Processing Facility must consistently produce commodities that achieve Residue and contamination standards that meet or exceed the domestic market requirements to attract the highest current domestic market price for the specified commodities. Is the City requiring that all commodities be marketed and sold domestically? This will have material impact on price and diversion rate.

**ANSWER:** The City desires for the contractor to prioritize highest value of commodities first, followed by domestic markets, and finally moving to markets/outlets that prevent disposal.

Q51. Pg 11 of the RFP: The processor needs to guarantee capacity to receive the City's recyclable materials through the duration of the term, and guarantee that residual material equals no more than 10% of the recyclable material. The above language can be interpreted in two ways. 1) It does not matter what the recyclables material contains, processor must be at no more than 10% residue OR 2) Of what is considered recyclable, no more than 10% residue. Please clarify the City's intended meaning.

Q52. Pg 25 of the Draft Agreement (5.4 G): Contractor shall guarantee that Residue shall contain no more than \_\_\_\_\_% recyclables by weight. For the purpose of this Residue guarantee, the Residue level shall be equal to the monthly Tonnage of Processing Residue requiring Disposal divided by the total monthly Tonnage of Recyclable Materials Accepted. Residue from the Processing activities shall be Disposed of by Contractor at the Approved Disposal Facility selected by Contractor and approved by the City. Contractor shall not use Residue for Beneficial Reuse Purposes. Could the City clarify the requested diversion performance guarantee? The first sentence asks for a percentage of recyclables contained in Residue; the rest of the section describes the traditional method for determining Diversion level based on inbound tons vs. outbound residue.

**ANSWER:** The City is asking that proposers propose a certain residue rate and guarantee that rate. Additionally, the City would like to know that proposers are recovering % of recyclable materials collected.

Q53. Pg 26 of the Draft Agreement (5.5 D): Contaminated Load Monitoring and Rejection. This procedure for handling contaminated loads is designed for a facility receiving Recyclable Material directly from collection route vehicles. Can the City review this section and modify it so that it is feasible for a processing facility to receive transfer loads from the Franchised collectors transfer facility?



**ANSWER:** The City requests proposers take exception to this language and propose acceptable alternate language that will serve as a starting point for negotiations.

Q54. How is excessive contamination defined?

**ANSWER:** The City requests proposers include this as an exception to the Agreement, which will allow the City to facilitate the collaboration between the provider and PGS in order to establish a mutually-acceptable definition for excessive contamination.

ACKNOWLEDGED:

Company \_\_\_\_\_ Date: \_\_\_\_\_

Signature: \_\_\_\_\_ Title: \_\_\_\_\_

Company Name: \_\_\_\_\_ Representative Name: \_\_\_\_\_

Signature: \_\_\_\_\_ Title: \_\_\_\_\_

Date: \_\_\_\_\_

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All other items of work in the contract document remain unchanged. Acknowledgement and a signed copy of this Addendum shall be included in the Bid Proposal.

  
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ZeeLaura Page, Management Analyst