

City of Phoenix Experience
using
Best Value Process
for
MRF Operations Procurement

MRF Background

- Two City Owned Material Recovery Facilities
 - 27th Avenue MRF in South Phoenix
 - Opened in 1995, currently undergoing retrofit
 - 16 tons/hour, upgraded to 20 tons/hour
 - Scheduled to reopen in November 2011
 - North Gateway MRF in North Phoenix
 - Opened in 2007
 - 20 tons/hour
 - Contract ends January 31, 2012

Past MRF Operating Details

- Both MRF's owned by City but operated by independent private contractors
- City collects 120,000 tons/year recyclables
- Contractor staffs, maintains, & operates MRF
- Contractor markets all processed materials
- Revenue split: 90% City/10% Contractor
- Contractor is paid a per ton processing fee
- COP pays all disposal, fuel, & electricity costs

Spring 2011

- Both MRF's bid on same RFP
- One or more contracts with staggered start dates
 - 27th Avenue tentative start date 9/6/2011
 - North Gateway start date 2/1/2012
 - Five year term with 3 one year options
- 2006 procurement for North Gateway MRF
 - resulted in protests and multiple rebids
- COP elected to pilot ASU “Best Value” process
 - ASU Performance Based Studies Research Group

Best Value

“Performance Information Procurement System”

- 17 years development, over 900 processes by ASU.
- RFP process using a standard City defined scope.
- Contractor can offer scope refinements to provide best value .
- Voluntary pre-bid meeting explained “NEW” process.
- Contractor must distinguish themselves as experts in their field.
- Contractors identify risks and propose solutions to transfer risk and accountability to the contractor.
 - Technical risks (risks that the contractor can control)
 - Risk Assessment/Value Added options
 - Submittals limited to eight pages total
- Blind Panel Evaluation - panel members do not need to be experts
- Interviews held with plant managers who will be working with COP
- Evaluation of past contractor performance

Evaluation Scoring

- Interview 35%
- Financial Proposal 25%
- Risk Assessment/Value Added 20%
- Technical Risk Plan 5%
- Scope Plan 5%
- Past Performance Information 5%
- Transition Milestone Schedule 5%

Evaluation Scores

- 5 member Blind Panel
 - 1- MRF expert
 - 2- MRF familiar
 - 2- Non technical
- Submittals limited
 - 8 pages only
- Scoring
 - One – Dominant non-expert
 - Ten – dominant expert
 - Five – no dominance

Vendor	A	B	C	D	E	F	G
Scope Plan	5.2	4.4	7.0	5.2	9.0	4.2	3.4
Technical Risk	3.4	3.6	6.0	4.2	9.0	2.6	4.2
RAVA	7.0	4.2	5.2	4.2	9.0	1.8	4.2
Average	5.2	4.1	6.1	4.5	9.0	2.9	3.9
Evaluator 1	A	B	C	D	E	F	G
Scope Plan	5	1	10	5	10	5	5
Technical Risk	5	1	5	5	10	5	5
RAVA	10	5	5	5	10	5	5
Average	6.7	2.3	6.7	5.0	10.0	5.0	5.0
Evaluator 2	A	B	C	D	E	F	G
Scope Plan	5	10	5	1	10	1	5
Technical Risk	5	10	5	5	10	1	5
RAVA	5	5	5	5	10	1	5
Average	5.0	8.3	5.0	3.7	10.0	1.0	5.0
Evaluator 3	A	B	C	D	E	F	G
Scope Plan	1	1	5	5	10	5	1
Technical Risk	1	1	5	5	10	5	5
RAVA	5	5	1	5	10	1	5
Average	2.3	2.3	3.7	5.0	10.0	3.7	3.7
Evaluator 4	A	B	C	D	E	F	G
Scope Plan	5	5	10	10	5	5	5
Technical Risk	1	1	5	5	5	1	1
RAVA	5	5	5	5	5	1	5
Average	3.7	3.7	6.7	6.7	5.0	2.3	3.7
Evaluator 5	A	B	C	D	E	F	G
Scope Plan	10	5	5	5	10	5	1
Technical Risk	5	5	10	1	10	1	5
RAVA	10	1	10	1	10	1	1
Average	8.3	3.7	8.3	2.3	10.0	2.3	2.3

Score Summary

Both Plants			31.3	45.0	48.5	62.3	39.1	38.9
No	Criteria	Detailed Weight	Vendor B	Vendor C	Vendor D	Vendor E	Vendor F	Vendor G
1	Scope	5	2.4	3.9	2.9	5.0	2.3	1.9
2	Technical Risk Plan	5	2.0	2.3	2.3	5.0	1.4	2.3
3	Risk Assessment/Value Added	20	9.3	11.6	9.3	20.0	4.0	9.3
4	Schedule	5	5.0	5.0	5.0	5.0	5.0	5.0
5	Processing Fee Year 1-3	5.5	1.6	3.9	5.5	5.2	5.1	3.4
7	Processing Fee Year 4-5	5.5	1.7	3.9	5.5	5.2	5.1	3.4
8	Processing Fee year 6+	3.5	1.2	2.5	3.5	3.3	3.3	2.1
9	Excess Tonnage Cost	3.5	1.0	2.3	3.5	3.1	2.8	1.9
10	Low Tonnage Tonnage Credit	1.0	0.3	0.8	0.0	0.6	0.7	1.0
11	Guaranteed Minimum Floor Price Year 1-3	3.0	1.2	2.1	3.0	2.5	2.1	1.9
12	Guaranteed Minimum Floor Price Year 4 &5	3.0	1.2	2.1	3.0	2.5	2.7	1.9
17	Overall Customer Satisfaction Firm	1	1.0	0.9	1.0	1.0	0.9	1.0
18	Overall Customer Satisfaction Regional Manager	1	0.5	0.9	1.0	1.0	0.9	1.0
19	Overall Customer Satisfaction Program Administrator/ Manager	1	1.0	0.9	1.0	1.0	0.9	1.0
20	Overall Customer Satisfaction Materials Marketing Manager	1	0.9	1.0	0.9	1.0	0.9	0.9
21	Overall Customer Satisfaction MRF Manager	1	1.0	1.0	1.0	1.0	0.9	1.0

Final Contract Terms

- Both Facilities awarded to the same contractor.
- 10 year contract with 3 one year options.
- Higher floor prices guaranteed.
- Lower processing costs by 20%.
- \$0.6M Equipment upgrades as part of base five year contract.
- Value added equipment upgrades of \$2.3M for ten year contract.

Lessons Learned

- Positive experience, will repeat
- Expand pre-bid explanations
 - How to bid within Best Value process
 - How Best Value is evaluated especially value added options
- Less emphasis on cost more on Value
- Develop a schedule for completing Value Added contract language, as this involves a significant time commitment after selection.