

## ADDENDUM ONE

(please sign and return with the submittal)

### VENDOR'S INQUIRIES AND CITY'S RESPONSES

Please make the following changes to the above-referenced solicitation:

#### QUESTIONS AND ANSWERS:

Note: Spelling, grammar, and punctuation of the questions are shown exactly as submitted by the potential respondents.

No.	Question	Answer
1.	What is the service fee paid to the current contractor?	The current service fee is \$47.74 per ton for the first 2,500 tons and \$27.27 per ton for each ton above the base per month. The grade B rate is \$55.70 per ton.
2.	Could the City provide copies the current contractor's extension?	Copies of the current contract and any amendments can be requested through a public records request. A public records request can be submitted at <a href="https://cityofphoenixaz.govqa.us/WEBAPP/rs/(S(spra3c1chn4kedjysb1ynw1n))/suporthome.aspx">https://cityofphoenixaz.govqa.us/WEBAPP/rs/(S(spra3c1chn4kedjysb1ynw1n))/suporthome.aspx</a>
3.	This opportunity previously went out to bid in the summer of 2023. Can the City provide any information on why it has been put out to bid again so soon?	The 2023 RFP was a market-rate lease and operating agreement with an initial term of 10 years with two five-year renewals. This 2024 RFP is an operating agreement with an initial term of seven years with three one-year renewals.
4.	Would the City consider adding a fuel adjustment mechanism, as well as a water and electricity adjustment mechanism, to the service fee? This is becoming common in waste management contracts. If so, could proposers include a proposed mechanism in their cost proposals?	In lieu of adjustment mechanisms, the City would consider sharing the utility costs with the contractor where the City would cover the water utility and black water servicing costs and the contractor would be responsible for electricity and fuel costs.
5.	Section 3.4.E limits inflation adjustments are limited to no more than 3% per year. Because of ongoing inflation risks, this will result in proposers having to bid a large up-front increase to mitigate this limitation. Would the City be willing to allow for inflation adjustments each year, starting in Year 1 of the Agreement, with a 0% floor and a 6% cap?	The City would consider guaranteeing a 3% CPI annual adjustment beginning in year two. The City and Contractor would continue to calculate the actual annual CPI as described in the RFP and if the calculated CPI is above 3% for two consecutive years of the operating agreement, the City would increase the cap to 4% at the following annual CPI adjustment for the duration of the agreement. After the cap increase, if there are two consecutive years where the calculated CPI is below 3%, the City will reduce the cap to 3% at the following annual CPI adjustment.
6.	We have noticed in national news reports that the county has placed restrictions on new housing	No because the facility has access to process water and an adjacent shallow water well to help reduce the use of potable water. The City would consider sharing the cost of utilities by covering the cost of

	developments due to water shortages. Would the City consider adding a provision to the effect that Contactor is entitled to increased compensation to cover the cost of water, to the extent the cost increases by more than the CPI adjustment?	potable water service and black water tank service and the contractor would be responsible for the electricity and fuel costs. The City would also consider covering the maintenance costs at the well site but the contractor would be responsible for daily inspections of the well site before using the water.
7.	Is there a minimum tonnage guarantee into this facility? There are certain fixed operating costs associated with running a compost facility, and ensure a minimum tonnage at the facility will help contractors ensure revenue needs are met.	As described in section 3.3 of the RFP, historically the City is trying to deliver as much green tonnage as possible per year with the goal of reaching the design capacity of the facility. Due to seasonality and the tonnage-based pricing, the City would be willing to consider guaranteeing a minimum of 2,500 tons per month and would evaluate the guarantee annually.
8.	Section 3.4. notes that the City will keep 100% of the revenue for the inbound organics gate fee, while the contractor will propose their revenue share mechanism with the City. Can the City clarify what this revenue share mechanism entails? We are unclear if it's a revenue share of the gate fee that the City pays the contractor, or a revenue share the contractor pays the City for the sale of compost, or something else.	<p>All inbound yard waste and food waste loads coming from the City's transfer station customers will be charged the City's gate rates at the transfer station scale houses. The City retains the gate revenue and will pay the contractor a processing fee for this material to be processed into compost.</p> <p>Per section 3.4, with the contractor's installation of a food depackager, the City will waive our scale house gate rate for inbound food waste delivered by the contractor. This will enable the contractor to set their own inbound rates and payment arrangements for non-City food waste customers the contractor brings in. Because these are non-city food waste customers, the City will not pay the processing fee for these loads.</p> <p>The City does not have a preferred revenue share option and is open to options that may include, but are not limited to, a share of compost sales revenue or a share in contractor's food waste customer revenue.</p>
9.	At the pre-proposal conference, the City noted that Maricopa County is in the early stages of drafting comments to a composting resolution. Is there any further information on this? What would this resolution potentially entail? What would the operator's potential responsibility (financials and operational) be at the facility?	Maricopa County has drafted a new rule relating to composting and VOCs. The City is working with the composting industry and intends to comment on the proposed rule. The City is currently in the process of drafting comments based on compost industry feedback and will submit to Maricopa County after our internal review is completed. Until Maricopa County posts their final rule, the City will not know what the financial and operational impact will be.
10.	What are the unit rates paid by the City under the existing agreement?	Please see response to question 1.

11.	Section 3.4: This Section states facility capital improvements are the responsibility of the Contractor. Since it is the City's facility and the City retains ownership, typically the costs are borne by the owner. Will the City consider either removing this provision or capping the amount required to pay per month? Without these protections, the Contractor has to price in substantial cost risk.	As described in the RFP the operator is responsible for maintaining the facility including repairs and replacements as needed. As described in section 3.22 there is a mechanism for potential partnership with the City on capital replacement projects.
12.	Section 3.4: It is our understanding any tip fees associated with food waste are retained by the Contractor in full. Is that correct?	Per section 3.4, with the contractor's installation of a food depackager, the City will waive our scale house gate rate for inbound food waste delivered by the contractor. This will enable the contractor to set their own inbound rates and payment arrangements for non-City food waste customers the contractor brings in.
13.	Section 3.4: A cap on the CPI of 3% is unreasonable and should be removed. Over ten years, this can cause a large imbalance in the rate paid compared to the full CPI adjustments.	Please see response to question 5.
14.	Section 3.5: The RFP does not provide for a minimum tonnage guarantee. This is difficult for contractors as there is not base level of revenue to offset the necessary capital costs. Would the City consider adding a minimum tonnage provision or providing a fixed monthly fee to offset the fix costs?	Please see response to question 7.
15.	Section 3.5: Is there a procedure for determining contamination level? If so, please provide.	<p>Certified Clean Green customers (landscapers receiving gate rate discounts for clean green loads), City's curbside yard waste collection, special operations and other City departments yard waste loads are delivered directly to the compost facility. For commercial customers that deliver mixed waste loads to the transfer stations at the solid waste rate, City staff are harvesting the green organics from those loads and presorting before delivering to the compost facility in walking floor trailers.</p> <p>The facility operator has a spotter look at the loads when they dump and if there are contamination concerns, they take a picture of the load, the truck and transaction # on the ticket and communicate with designated City staff. If the customer is part of the certified clean green program the City will call the customer and communicate that they will be removed</p>

		<p>from the program if the contamination happens again. If the customer is another City transfer station customer, the City will follow-up with them and come up with a plan of action with the customer and operator.</p> <p>The City has existing food waste customers from the City's special operations collection and private haulers. If there is contamination concern with the load, it is processed through the food depackager instead of hand sorted.</p>
16.	Section 3.22: This section contradicts Section 3.4 where capital improvements are borne by the Contractor. Please clarify the intent and to what extent the City is willing to share in capital costs.	Please see response to question 11.
17.	Could the City provide monthly inbound tonnage data for FY 2017 – FY 2024 year-to-date?	Please see Exhibit A that includes monthly tonnage of inbound green organics and food scraps. There are minor variances FY20-21 and FY21-22 data in this detailed report compared to the summary report provided in the RFP as there were minor adjustments made since the last time the prior year reports were run. The variance in FY23-24 data is from updates of actual year to date data available compared to annualized
18.	Could the City provide food scrap tonnage data by customer for FY 2017 – FY 2024?	Please see response to question 17.
19.	<p>Per P. 20 of the RFP document, "The Contractor will pre-screen... up to 4,600 tons of organics per month."</p> <p>Does this mean that the feedstock must be picked/sorted prior to further processing, or that it must be screened through a trommel screen or similar machine?</p>	Pre-screen refers generally to screening the inbound loads for contamination by hand and/or with equipment before grinding and composting.
20.	Per P. 20 of the RFP document, "The Contractor's rejected loads must not exceed 10% by the weight of the total material delivered to the facility each month unless the City exceeds the allowable 5% contamination. This contamination measure is subjective and will be mutually determined by the parties."	Please see response to question 15.

	What is the methodology currently used to determine which loads are rejected under the current contract for operation of the compost facility?	
21.	Is the City able to provide a list and copies of all currently required permits, licenses, authorizations, and approvals that the compost facility operates under?	Please see Exhibit B with the current permits. Please see Exhibit C with a pile size variance that must be maintained per the Fire Department.
22.	Per P. 21 of the RFP document, "At no time will landscape products removed from the Compost Facility be landfilled, used for landfill cover, or alternative daily cover (ADC) without the expressed written permission of the City."  Does this include compost "overs"?	Yes
23.	Does the City have a need for compost "overs" for alternative daily cover, and if so, could the City provide an estimated volume of compost "overs" they would be able to use on an annual basis?	No because the City needs to know that the organics it is diverting from the landfill and paying to process into compost at the City's compost facility is not ultimately going to a landfill.
24.	Please provide historical utility costs for domestic water and electricity for FY 2021 – FY 2024 year-to-date, per Section 3.13. A. of the RFP document.	Please see Exhibit D with the historical water and electricity costs.
25.	What, if any, volume restrictions would the Contractor be subject to regarding access to water from the shallow water well on an annual basis?	The restrictions would be the capacity of the well and tank as described in Exhibit E. Daily inspections of the well site including checking the pumping level of the water will be important to confirm the levels remain stable. If they significantly reduce, limits on use may be needed. The well water levels have remained stable to date.
26.	What is the flowrate of the shallow water well and pump located west of the compost facility?	Please see Exhibit E that includes the well and tank capacity analysis.
27.	Per P. 35 of the RFP document, "The Contractor may propose to the City options to use an additional ten acres of undeveloped land adjacent to the compost facility at a market rate for expanded processing capacity. The Contractor will submit proposals in	Yes

	<p>writing to the City for comment and approval. Upon approval of the proposal the City will negotiate terms with the Contractor.”</p> <p>Is this the “Palm Fronds Processing Phase 1” and “Palm Fronds Processing Phase 2” areas indicated on P. 1 of Attachment H?</p>	
28.	Is “market rate” intended to be a market rate land lease rate? If so, what is the City’s current understanding of what the market rate would be per acre?	The City’s processes require lease rental rates to be reflective of the current market condition within six months of lease execution. The market rate as of one-year ago was \$0.34 to \$0.51 per square foot.
29.	Are proposals that include this additional acreage intended to be submitted as a separate proposal by the successful respondent, or as part of the proposal in response to this RFP?	The intent is to be a separate proposal by the successful respondent.
30.	Please provide annual historical volumes of compost and other landscape products used by the City from FY 2017 – FY 2024 year-to-date.	Please see Exhibit F with past compost used by the City that includes the annual allotment for free compost. Free compost to the City as part of the allotment is also contingent upon availability of the requested product lines.
31.	Please provide an estimated annual volume of compost that the City intends to purchase for compost socks for City projects, as mentioned in Section 3.27. D. of the RFP document.	In FY22-23, the Public Works Solid Waste Division purchased 22 pallets of assembled compost socks totaling 110 feet divided into four sections of 27 feet each with 16 1x2x18 inch stakes for the City’s closed landfills. It is possible that compost socks may be needed at additional solid waste locations in the next couple of years. The quantities and specifications for these socks still need to be confirmed.
32.	Please provide a record of biofilter maintenance.	The biofilter was initially built as part of the facility construction with the installation of the biofilter media in spring 2017. Since then, the biofilter media was replaced in December 2018 and April 2023.
33.	Please provide the executed contract for the current compost facility operations contract.	Please see response to question 2.
34.	Please describe the current form of revenue sharing with the current vendor for compost facility operations.	Current revenue share is 25% on the sale of the finished compost.
35.	Does the City have a preferred revenue sharing mechanism?	No. Please see response to question 8.
36.	What does the City plan to do with any materials that are still in-process between the current contract period and the new contract period, if a new vendor is selected?	The City would coordinate a transition plan with the current contractor and new contractor.

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The balance of the specifications and instructions remain the same. Bidder must acknowledge receipt and acceptance of this addendum by signing below and returning the entire addendum with the bid or proposal submittal.

Name of Company: \_\_\_\_\_

Address: \_\_\_\_\_

Authorized Signature: \_\_\_\_\_

Print Name and Title: \_\_\_\_\_