



**Nestor Resources, Inc.**

MICHIGAN RECYCLING COALITION ANNUAL CONFERENCE  
Municipal Contracting Workshop  
May 7, 2015

# Curbside Collaboration

How to Influence Change, Cultivate Competition and Control Costs  
through Improved Service Specifications and Contracts.



**Solid Waste  
Consulting &  
Project Management**

**Nestor Resources, Inc.**

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When You're Ready  
for Change,  
  
We're Ready  
for You.

*Follow our column  
"Source Separated" in*



*Recycling Business*



**Stakeholder Engagement**

**Strategic Planning And Projections**

**Feasibility Studies And Surveys**

**Productivity And Performance  
Analyses**

**Procurement Support And  
Specifications**

**Project Launch And Implementation**

**[www.nestorresources.com](http://www.nestorresources.com)**

**(724) 898-3489**

# Format & Agenda

## Part One BASIC MECHANICS

### Introduction

- Expectations for Today
- Benefits
- Myths and False Assumptions

### Procurement Styles

- Different Approaches
- Why & When
- Private–Public Partnerships

### Organization Counts

- Action Plan & Timeline
- Research Services & Equipment
- Existing Specs & Contracts
- Obtaining “Buy–In”
- The Rules of Engagement
- Administrative & Technical Issues

## Part Two THE PRICE IS RIGHT

### Industry Insight

- ▶ Operational Trends
- ▶ Changes and Influences
- ▶ Operating Costs/Profits
- ▶ Local Conditions & Players
- ▶ First Time Contracts

### Insider Tips

- PAYT Lessons Learned
- Integrated Systems
- Automation Essentials
- High Tech Tools
- Change Management–Outreach

# What we won't discuss

Specific bid or contractual language

Legal interpretations

Issues with specific contractors

Actual, projected, or estimated prices

State specific codes or regulations

# Introductions & Expectations



Tell Me How I Can Help You. . .

- ▶ Local Government, Service Provider, Consultant?
- ▶ Why did you attend today?
- ▶ Will this be your first contract?
- ▶ Updating an old contract?
- ▶ Are you having service issues?
- ▶ Looking to switch to PAYT?
- ▶ Curious about Automation?

# Purpose of Contracted Services



To get the best price for the types and quality of services that you want



To get the lowest price possible regardless of services

# Benefits of Municipal Contracted Services



## Universal Standards

- Scheduled Service
- Service Levels
- Vehicle Specifications
- Safety Guidelines



## Customer Advocacy

- Power of Municipality
- Established Expectations
- Resolution of Complaints



## Cost Controls

- Economies of Scale
- Equitable Service Rates
- Prescribed Fuel and Service Cost Adjustments



Is a Contract Price Always Lower?





Sharing  
the Risks

Recycling is NOT Free

# Sample Contractual Service Scenarios

<b>Collection Equipment Ownership</b>	<b>Collection Services</b>	<b>Facility Ownership</b>	<b>Facility Operation</b>
<b>Public</b>	<b>Public</b>	<b>Public</b>	<b>Private Municipal Contract</b>
<b>Public</b>	<b>Public</b>	<b>Private</b>	<b>Private Municipal Contract</b>
<b>Private</b>	<b>Private Municipal Contract</b>	<b>Public</b>	<b>Public</b>
<b>Private</b>	<b>Private Municipal Contract</b>	<b>Public</b>	<b>Private Municipal Contract</b>
<b>Private</b>	<b>Private Municipal Contract</b>	<b>Private</b>	<b>Private</b>
<b>Private</b>	<b>Private Municipal Contract</b>	<b>Private</b>	<b>Private Municipal Contract</b>



# Procurement Styles

## Request for Proposals

- Conceptual
- Inconclusive
- Alterable
- Negotiable

## Invitation to Bid

- Specific
- Definite
- Predetermined
- Binding

**State and Local Laws Determine Procurement Capabilities**



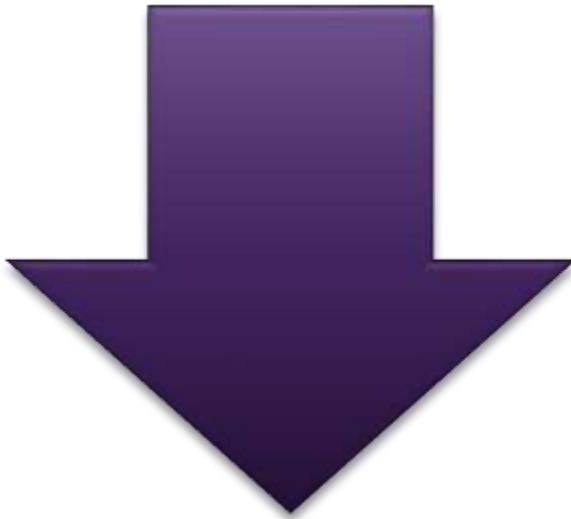
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# Contractual Flow Control



## Pros

- Pay direct for processing/disposal
- May negotiate rebate from MRF
- Levels the playing field
- May control environmental liability



## Cons

- Risk of higher overall price
- Put or pay provisions for guaranteed rate
- Risk of disposal/processing costs exceeding revenue
- Hauler has no vested interest in quality
- Residue

- Established by ordinance
- Service areas/fees set by franchisor
- Issued by service type
- Franchisees petition for service areas
- Area size determines exclusivity
- Often controls flow to public facilities
- Billing done by franchisee/franchisor

## Understanding the “F” Word >>> Traditional Franchises





# The Bid/Proposal Process

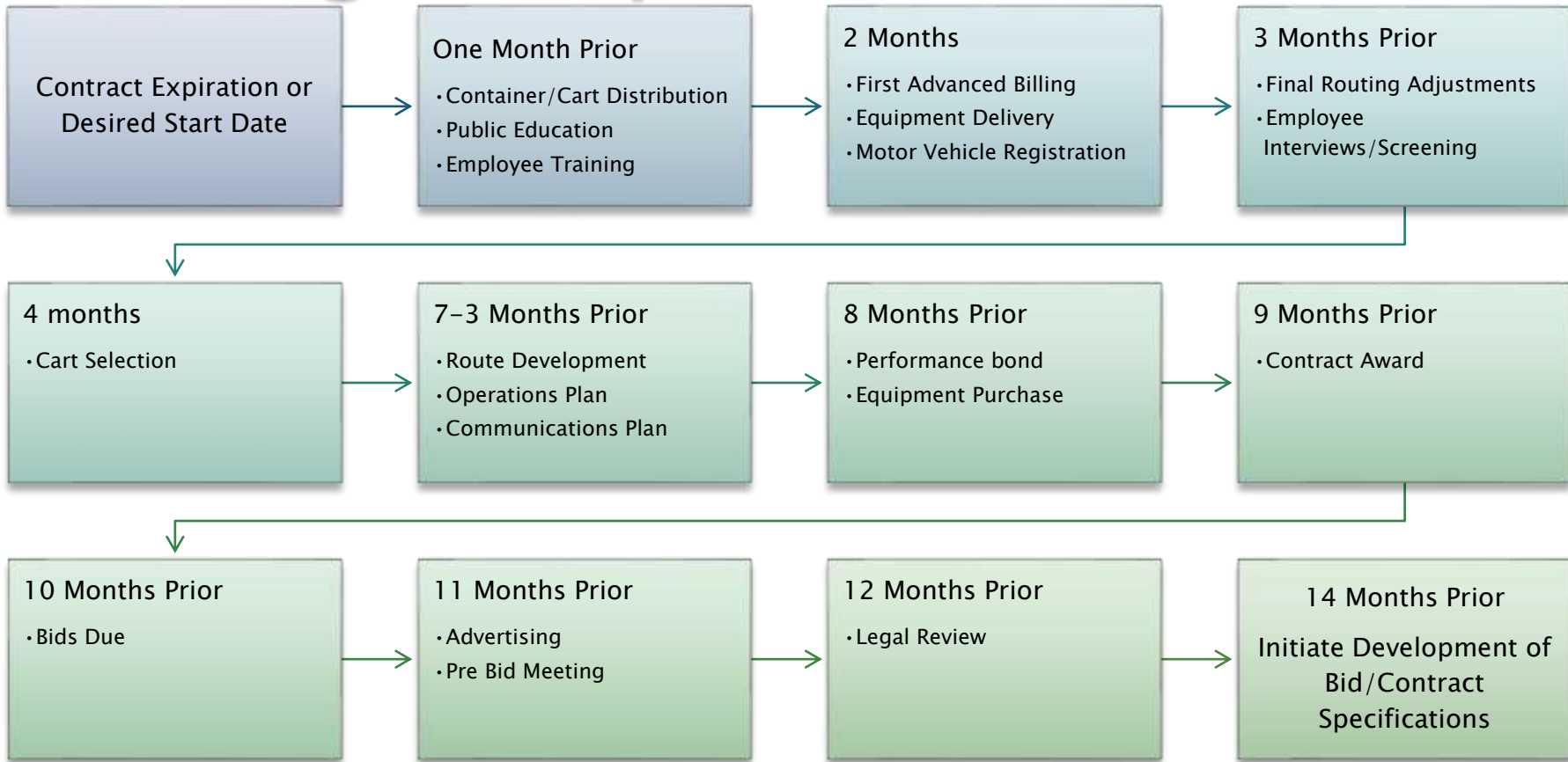
Step by Step



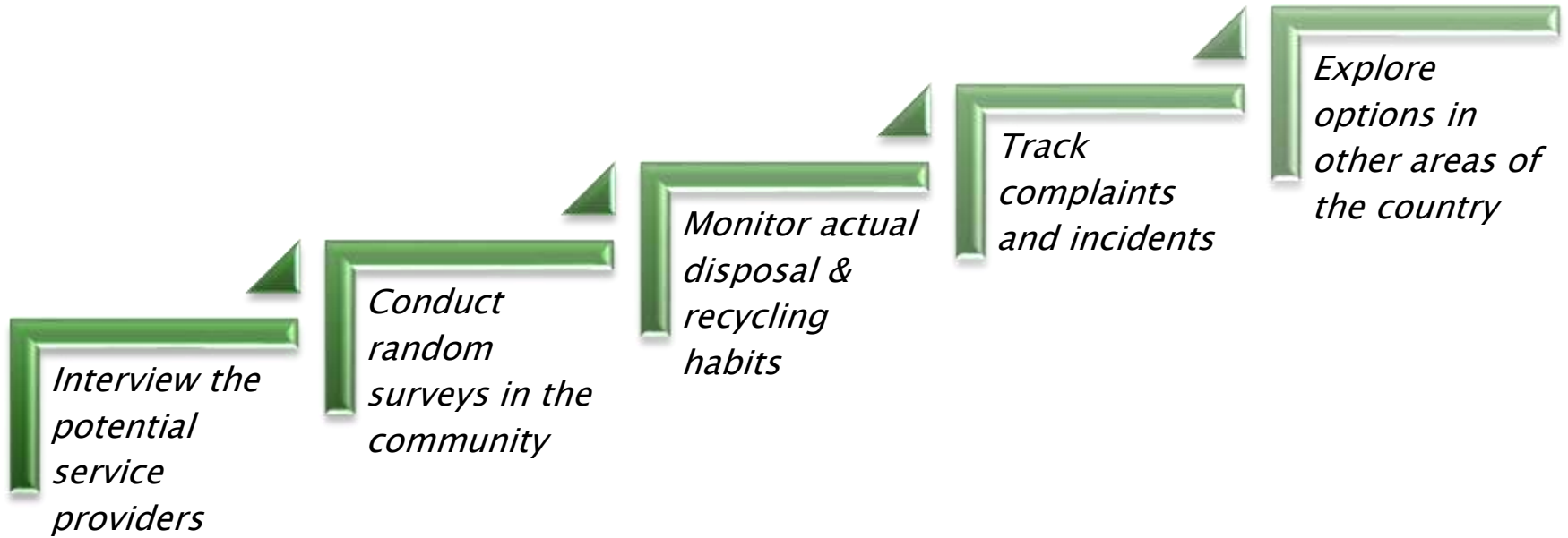
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# Backing into your timeline



# Essential Legwork



# Engaging the Service Providers

- ▶ Conduct informal talks
- ▶ Explain goals and objectives
- ▶ Introduce new service concepts
- ▶ Provide sources of information
- ▶ Identify constraints and limitations
  - Regulatory Mandates
  - Geography
  - Demographics
  - Political
- ▶ Discuss “issues”
- ▶ Listen





Consider vested interest

Competitive advantages

Biased service constraints

Excessive bonds/insurance

Grandma, >>>  
What big teeth you have!



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# Through the eyes of the bidder

- Is the start date feasible?
- Is the contract term worth the investment?
- Will I get paid? By whom? When?
- How will this impact my current operation?
- Are the specifications realistic?
- Do I have enough information?
- Will I have the support of the municipality?

# The Pre-Bid Experience

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Strong & knowledgeable point person

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Set a positive tone

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Explain the selection criteria

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Establish the guidelines for inquiries

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Set a cut-off time

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Keep track of questions in writing


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Clear and concise response document.




# Reviewing the Bids & Proposals




Protect the original


- Require copies for everybody that has to review the bid




Review every page




Take detailed notes



Check the math



Make note of missing items



Tag pages with deficiencies

# Potential Administrative Pitfalls

- ▶ Bid Bond
- ▶ Non Collusion Affidavit
- ▶ Insurance Certificates
- ▶ Bid Guarantee and Authorization
- ▶ Pre-signed Contracts
- ▶ Licenses
- ▶ Permits
- ▶ Disposal/Processing Guarantees







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SEE YOU IN FIFTEEN  
MINUTES

TIME FOR A BREAK



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In the end,  
all business operations  
can be reduced to  
three words:  
people, products and  
profits.

Lee Iacocca

# Cash Haul »»

Understanding the Business of Waste Management

# Competitive Bidding . . . Then and Now

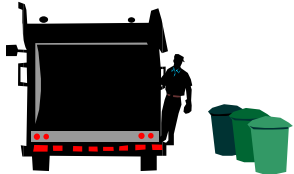
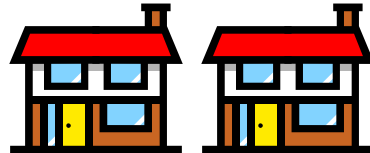
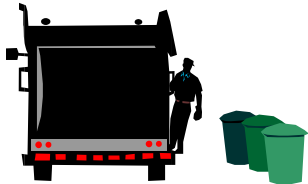
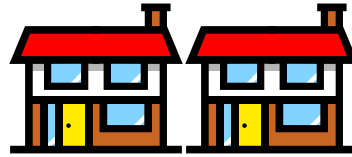
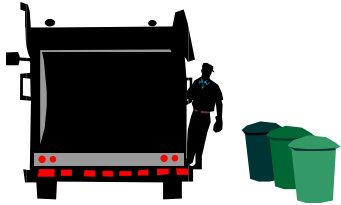
SO, YOUR BID SAYS  
YOU'LL DO THE JOB  
FOR "...A CHANCE  
TO GNAW ON WOOD."



# Key Overhead Factors



- ▶ Workers Compensation
- ▶ Health Care Insurance
- ▶ Wages
- ▶ Employee Turnover
- ▶ Regulatory Controls
- ▶ Equipment
- ▶ Fuel
- ▶ Permits & Licensing
- ▶ Government Fees/Taxes
- ▶ Delinquent Accounts
- ▶ Disposal & Processing



Haulers have Fixed Costs

Horse Power



Manual



Semi-Automated



Fully Automated



# Evolution of Curbside Collection

## Manual Sorting



*Single Stream Facilities can process more material in one day than most local conventional MRF's process in an entire year.*

## Automated Picking Line



## Automated Single Stream



# Evolution of Processing Technology

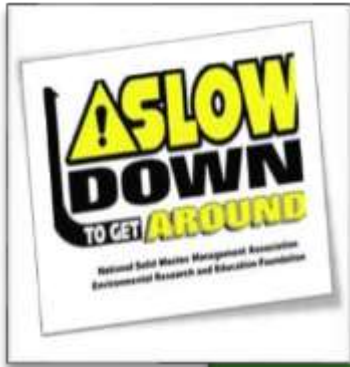


# From Subscription to Single Hauler Contract

## The Hauler's Perspective

- ▶ Rapid Growth or Loss of Customer Base
- ▶ Predictable Revenue
- ▶ Interference with Cash Flow
- ▶ Lower Profit Margins
- ▶ Delinquency Risk
- ▶ Higher Service Expectations
- ▶ Greater Accountability
- ▶ Less Routing Flexibility
- ▶ Stricter Equipment Standards
- ▶ Immediate Capital Outlay
- ▶ Administrative Responsibilities



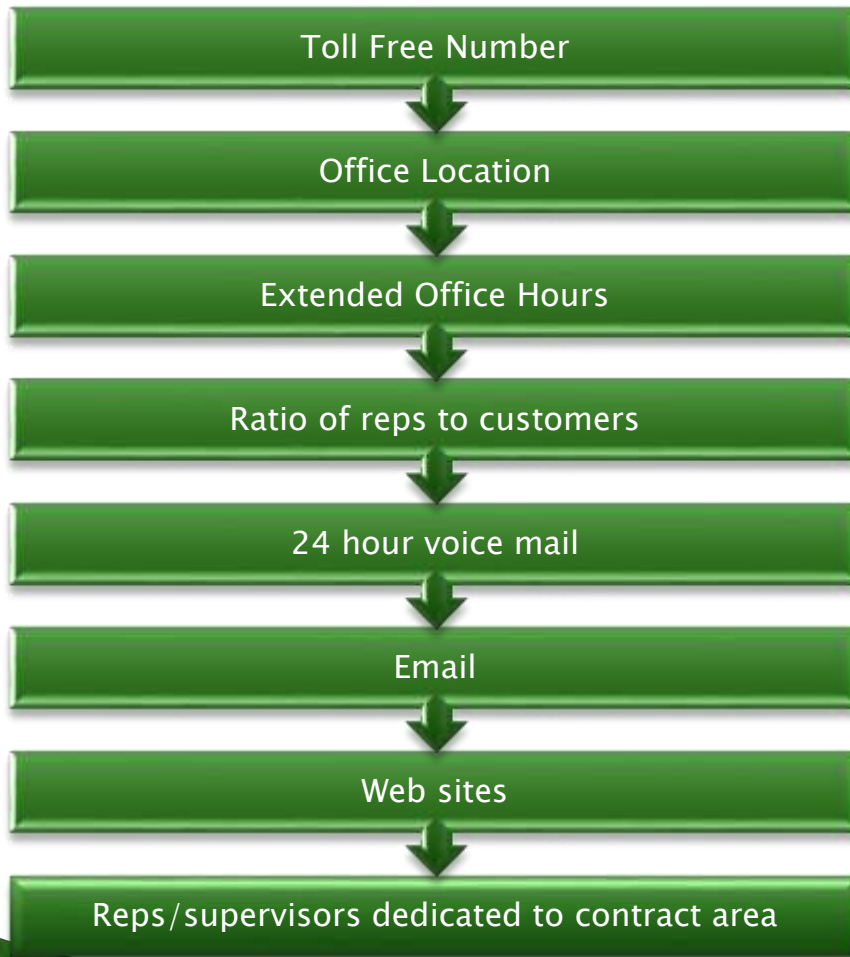


# Understanding Safety Issues

Prevent Injuries Save  
Lives

- Advantages of Automation
- School Buses and Commuters
- One Pass Collection Dangers
- Cell Phone Usage
- Bulky Waste
- Ice/Snow

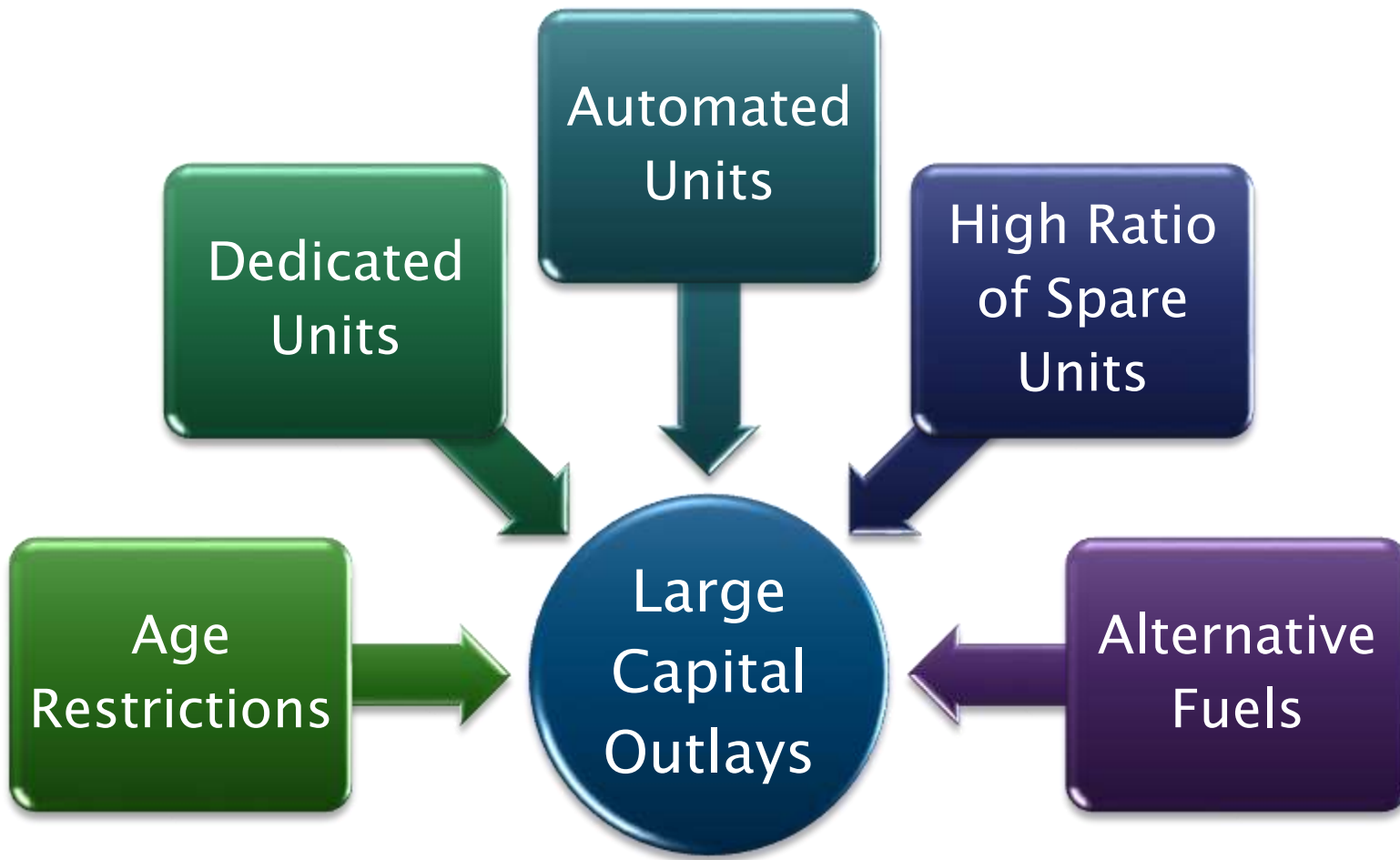
# Customer Service Items



# Price Busters

- ▶ Performance Bonds
- ▶ Excessive Franchise Fees
- ▶ One Sided Commodity Sales
- ▶ Liquidated Damages
- ▶ Liability Insurance
- ▶ Discounts/Exceptions
- ▶ Fixed Term Rates





## Equipment Trends

Major investments in equipment can translate into front loaded costs.





*"You will only be remembered for two things. . .*

*the problems you solve or the ones you create."*

. . . Mike Murdock

## PAYT-Getting it Right

# Pay As You Throw Anxiety



- ✓ Revenue Shortfalls
- ✓ Inventory Control & Accountability
- ✓ Distribution Network
- ✓ Service Complaints
- ✓ Enforcement
- ✓ Billing Complexities
- ✓ Large Capital Outlays
- ✓ Deployment
- ✓ Asset Management



# Unlimited Collection It's All Landfill Bound



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# Putting the Pay in PAYT

Flat rate per unit or item



Rate varies with size of container



Flat rate that covers a set number bags or containers of similar volume

Flat rate per pound



## Hybrids

Flat Rate (typically for collection) with additional flat rate per bag/tag as well as rates that vary with container size.



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# The Fairness Factor

- ▶ Singles
- ▶ Seniors
- ▶ Low/Fixed Incomes
- ▶ Large Families

## Unit or Capacity

- Options for small & large quantity generators

## Minimum Annual Units

- Covers collection costs

## Discounts/Subsidies

- Same criteria as feds or state
- Negotiate with hauler



# Convenience



Point of Purchase



Hours of Purchase



Payment Options



Occasional Excess Waste

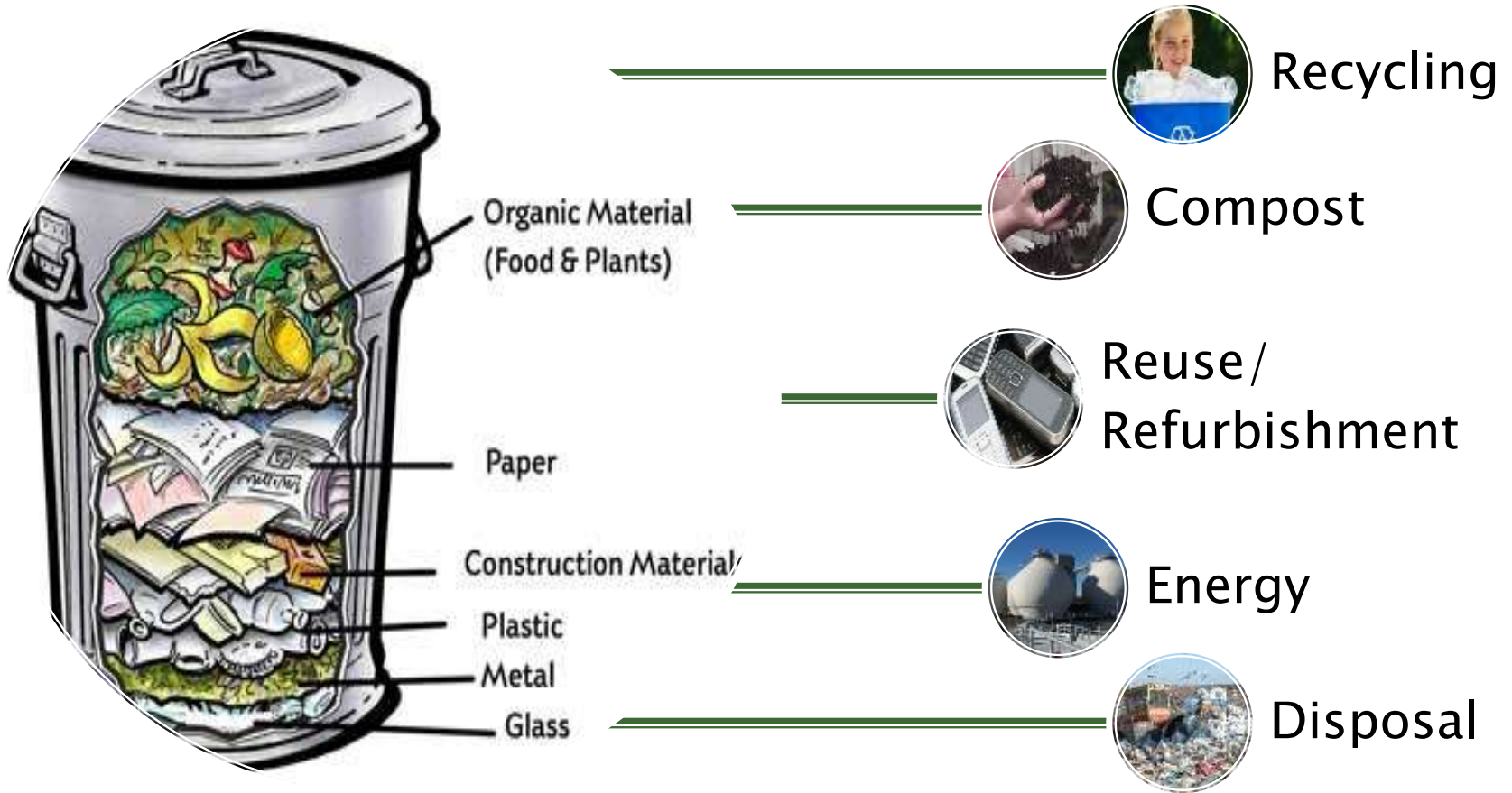


Volume Pick-ups



# Integrated PAYT System

## Same Material New Destinations



# Recycling is Essential

Provide a wide variety to off-set the rate structure

Plastics



News & Magazines



Corrugated



Glass



Junk Mail



Paperboard



BiMetal



Aluminum



# SIZE MATTERS

Out of the  
Can  
Into the Bin



36  
Gallon



64  
Gallon



96  
Gallon

# *Yard Waste Management, The Last Essential Component*

- ▶ Reasonable Alternatives
- ▶ Accessible Outlets
- ▶ Convenient Hours
- ▶ Collection Frequency
- ▶ Grasscycling Education
- ▶ Composting Classes





# Don't forget the other stuff

Ensure options and outlets are readily and conveniently available

Scheduled Pick-ups  
Community Clean-ups  
Curbside Stickers  
Community Garage Sales

White Goods



E-Waste



Bulky Items



Tires



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# Moving to Automation



**Organized  
Cart Delivery  
is Essential**



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# Multiple Cart Choices

## Complex Inventory Increases Costs

Sized to Suit Program Goals & Consumer Needs





## High-Tech Tools

Only collect, track, and monitor what you intend to manage

## National Experience + Local Understanding = Cost Sensitive Solutions

- Integrated Solid Waste Management Planning
- Resource Management & Markets Development
- Program Design & Implementation
- Feasibility Studies & Surveys
- RFP/Bid/Contract Specifications & Evaluations
- Public Education & Community Outreach
- Productivity & Profitability Analyses
- PAYT Experts –Variable Rate and Volume Based Systems
- Single Stream and Automated Collection Programs

Michele Nestor, President



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# Thank You

Questions/Discussion  
Bid Development Checklist Available