



## **Council Request Update**

August 24, 2017

**Council Request: 17-135**

**Assigned to: Communications**

**Request:** Research if the City can get a table at the Arapahoe County Fair to advertise the community.

**Response:** Please see attached from Communications Manager Alison Carney

**Council Request: 17-144**

**Assigned to: Finance and Administrative Services**

**Request:** Bid tabulation for the Waste Management Contract

**Response:** Please see attached from Director of Finance and Administrative Services Kathleen Rinkel.

**TO:** Mayor Jefferson and Members of City Council

**THROUGH:** Assistant City Manager Murphy Robinson

**FROM:** Communications Manager Alison Carney

**DATE:** August 10, 2017

**SUBJECT:** CR 17-135

Mayor Jefferson requested the City to research if the administration had the resources to attend the Arapahoe County Fair to advertise the community.

One way for the City to have a booth at the Fair next year is if the City is a Silver Dollar Sponsor (\$5,000-\$9,999 - see attached). The Cities of Littleton, Centennial and Aurora are all Silver Dollar sponsors and have a booth at the event.

If City Council members would like to attend and staff an Englewood booth, staff can prepare materials to be handed out from the booth for the 2018 Fair.

# Silver Sponsorship – \$5,000 - \$9,999

NEWS

## Advertising and Marketing

We'll boost your corporate image by including your logo with paid advertising placements (when space is available):

- Print placements
- Social Media

In addition to paid advertising, your brand reaches thousands more with our grassroots marketing efforts in:

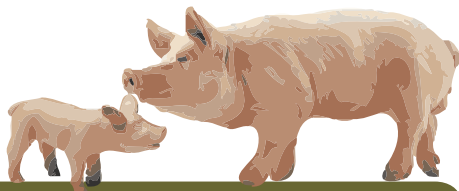
- Press releases and contributed articles
- Posters, flyers and panel cards distributed to local businesses and to all County facilities
- Sidebar content included in our Fair E-Newsletter distributed to more than 5,000 subscribers
- Social media posts



## Hospitality

Enjoy team building, host a client or bring friends and family to experience unlimited carnival rides, fireworks, rodeos, mutton bustin', our high-octane motorsports events, petting farm and much more!

- We will provide you with **25** admission tickets, **10** parking passes and **5** tickets to the Boots Not Suits Dinner, a premier networking event.



## Contact Information

### Sponsorship Information:

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### Vendor Information:

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## Fair Presence

As a Silver level sponsor, your brand image will be featured in marketing materials, promotions and on-site in association with one of the following. Silver sponsorships are assigned on a value basis.

1. **Mutton Bustin** (duel sponsorship)
2. **Dock Dogs**
3. **Fireworks** (Friday or Saturday)
4. **Craft Brew Fest**
5. **Golf Carts**
6. **Kids Corral**
7. **Tractor Pull Arena**

We look forward to helping you customize an on-site package that aligns with your mission and meets your needs. Options include, but are not limited to:

- A 10' x 10' booth to market your products and services
- Banner/signage placements at your Event and other locations on the grounds (limit 3)
- Announcements
- Your logo on the schedule of events and volunteer t-shirts
- Badge access to Sponsor Lounge with complimentary refreshments



ARAPAHOE COUNTY  
OPEN SPACES



## **Response to Council Request 17-144**

To: City Council  
From: Kathleen Rinkel, Director of Finance and Administrative Services  
Date: August 23, 2017  
Subject: Bid tabulation for the Waste Management contract

Please find the attached Options Report summary from Expense Reduction Analysts for the bid results across the various services requested. We've also included the original baseline report for additional context on how the project was identified to be an area of savings.

The results comparison tables begin on page 5 of the Options Report. Vendors who participated included:

Trash/Waste/Recycling Services:  
WM - Waste Management  
WC - Waste Connections  
Alpine - Alpine Waste Management  
Port-o-let Services:  
Waste Management  
Bertsch Brothers  
S&B Porta Bowl

Please let me know if you have any questions.

Sincerely,

Kathleen Rinkel, CPA, CMA  
Director of Finance and Administrative Services  
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## Expense Reduction Analysts

City of Englewood  
Waste Services  
Options Report

February 16, 2017

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## Table of Contents

1	Executive Summary .....	3
2	Project Methodology .....	4
3	Financial Summary .....	5
4	Port-o-Let Questionnaire Responses.....	8
5	Service and Contract Review.....	9
6	Savings Calculations .....	10
7	Next Steps .....	11
8	Client Acknowledgement .....	12

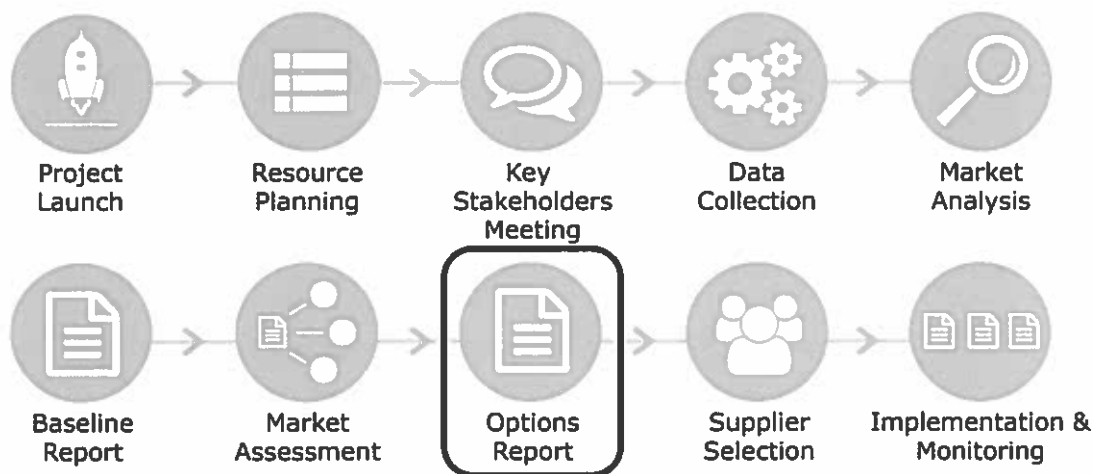
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# 1 Executive Summary

The City of Englewood, CO (COE) has engaged Expense Reduction Analysts (ERA) to review its Trash & Recycling expenses to identify potential opportunities for cost savings and process improvements.

The ERA review process consists of ten steps:



After the Baseline Report that established the current supplier relationships and cost structures for this expense, ERA prepared and issued a Request for Proposal (RFP) to existing and qualified alternate suppliers.

This Options Report provides a summary analysis based on market knowledge, RFP responses received and compares proposed costs to the Baseline costs as presented in the Baseline Report on November 22, 2016. The proposals are based on the current service and frequency levels.

**We are pleased that this report includes a Savings Opportunity. Waste Management, Inc., (WM) the incumbent service provider, has offered annual cost reductions of \$41,690 or 42.7% based on a 60-month agreement. Waste Connections, Inc. (WC) offered a \$47,588 or 48.7% savings opportunity based on a 36 or 60-month agreement, assuming WM will hold its port-o-let bid firm without the trash / recycling agreement.** The second alternative provider, Alpine Waste, quoted pricing significantly higher than the baseline pricing and was eliminated from the selection process, see Table 3.2.

COE has elected to discontinue port-o-let service with the incumbent vendor, Liberty Waste, after repeated requests from WWTP to improve the pre-screening process for removal of clothing and other foreign materials to avoid costly equipment breakdowns. WM has offered incremental savings for regularly scheduled and special event service, see Table 3.4.

Although ERA has confidence in both WM and WC as potential service providers, COE should chose the option that makes the most sense based on your service and financial assessments. ERA favors Waste Management’s complete service offer, despite slightly lower savings.

- WM, as the incumbent vendor, has serviced COE for several years and understands the complicated service issues including dormant seasonal demand for Parks, Golf, Pool, etc.
- WM has offered the low bid for port-o-let service and, given the trash/recycling account, would have a strong business stake in solving WWTP’s current service issues.

- ERA favors the 60-Month agreement due to the additional price break and our negotiated concession to offer a 3% cap on annual increases.

## 2 Project Methodology

### Project Scope – Historic Spend

ERA reviewed historical Trash & Recycling invoices from July 2016 through October 2016 with rates updated per WM's and Liberty Waste's February 2017 invoices. Additional data for this analysis was obtained from the City's 2015 and 2016 general ledgers.

COE currently spends an estimated \$115,600 annually for Trash, Recycling and Port-o-let Services. Savings will be measured on a unit for unit basis as further described in Section 6, Savings Calculations. Baseline unit costs are accurate. However, aggregated annual spends were difficult to project given the on-call scheduling of the 30-yard containers, the seasonal variation in demand (pickup schedules) and the dormant season for Parks, Pool and Golf.

The estimated annualized amounts differ from the Baseline amounts, as reflected in the following table.

**Table 2.1: Revised Annual Baseline Spend Estimate**

Baseline Description	Baseline Amount	Revised Options Amount	Revised Description
Trash	46,388	31,755	Trash Bins
Recycling	17,472	26,845	Recycle Bins
Trash/Recycling	4,540	37,340	30 Yd Rolloffs
Grit & Rags	26,865	0	Out of Scope
Pot-o-lets, 4th of July	6,200	4,650	
Hazardous	2,015	0	Out of Scope
Port-o-lets, Rental	9,297	13,368	Seasonal detail missing
Waste Connections, Trash	1,668	1,668	
<b>Annualized Baseline Amount</b>	<b>114,445</b>	<b>115,626</b>	

Although ERA can accurately measure savings monthly after the fact based on unit costs, the annual forecasted spend can only be estimated due to on-call pickup schedules of the 30-yard roll-off containers and the seasonal impacts to the pickup schedules.

### Market Assessment

ERA prepared and distributed a Request for Proposal (RFP) to the incumbent waste service provider and other qualified providers. Three of four trash and recycling suppliers invited to participate in this project responded and three of four port-o-let suppliers responded, as reflected in Table 2.2 below.



**Table 2.2: Request for Proposal Responses**

Supplier	Type	Incumbent	Response
Waste Management	Trash/Recycle	Yes	Yes
Republic Services	Trash/Recycle	No	No
Waste Connections	Trash/Recycle	Yes	Yes
Alpine Waste	Trash/Recycle	No	Yes
Waste Management	Port-o-let	No*	Yes
Bertsch Brothers	Port-o-let	No	Yes
S&B Portabowl	Port-o-let	No	Yes
Denver Port-a-Potty	Port-o-let	No	No

\*WM has previously provided port-to-let special event service.

### 3 Financial Summary

Supplier financial responses to the RFP were reviewed based on a comparison against the historic purchases to determine:

- Each supplier's ability to match your needs
- Price savings on a "like-for-like" comparison of the current services purchased
- Additional savings and pricing guarantees available to COE through a multi-year agreement
- Both WM and WC are offering a one-year rate cap with a 3% cap in subsequent years
- ERA has also been assured by WM and WC that all monthly invoices will be included on a master statement with child account numbers for each location and that the child accounts will describe the current pickup schedules for each account.

#### Overall Savings Summary

The estimated annual expenditure is \$115,600, including port-o-lets, and the financial improvements from the Suppliers generated by ERA are included in the following tables.

**Table 3.1: Estimated Savings Summary – Trash Bin Service**

INV MO	DEPT	EQUIP	PICK UPS	MO SERVICE	FUEL/ ENV	REG COST REC	PROPOSED				
							TOTAL BASELINE AMT	WM MONTH TO MONTH	PROPOSED WM 36-MO AGREE	PROPOSED WM 60-MO AGREE	PROPOSED WC 36/60 AGREE
Feb-17	POLICE	3 YD	3X WK	200	55		254	248	215	182	115
Feb-17	FIRE	2 YD	1X WK	69	19		88	72	61	50	50
Feb-17	REC	6 YD	2X WK	146	40		185	209	187	165	127
Feb-17	WWTP	3 YD	1X WK	64	18		82	83	72	61	55
Feb-17	WWTP	6 YD	2X WK	177	48		226	209	187	165	127
Feb-17	WWTP	6 YD	2X WK	177	48		226	209	187	165	127
Feb-17	WWTP	8 YD	2X WK	80	22		102	231	209	187	141
Feb-17	GOLF	3 YD	2X WK	109	30		138	165	143	121	85
Feb-17	PARKS	8 YD	1X WK	244	67		311	116	105	94	60
Feb-17	ANIMAL	3 YD	1X WK	64	18		82	83	72	61	55
Feb-17	CIVIC	8 YD	5X WK	557	152		709	589	501	468	317
Oct-16	PIRATES	8 YD	1X MO	31	8	1	40	28	24	22	60
Oct-16	PIRATES	6 YD	1X MO	24	6	1	30	25	22	18	50
Nov-16	MALLEY	2 YD	1X WK	136	34	2	172	72	61	50	50
<b>TOTAL</b>							<b>2,646</b>	<b>2,336</b>	<b>2,043</b>	<b>1,806</b>	<b>1,419</b>
<b>ANNUALIZED TOTAL</b>							<b>31,755</b>	<b>28,026</b>	<b>24,510</b>	<b>21,666</b>	<b>17,028</b>
<b>SAVINGS</b>								<b>3,729</b>	<b>7,245</b>	<b>10,089</b>	<b>14,727</b>
<b>SAVINGS %</b>								<b>11.7%</b>	<b>22.8%</b>	<b>31.8%</b>	<b>46.4%</b>

- Once a month service may be replaced with on-call service and is TBD.

**Table 3.2: Estimated Savings Summary – 30 Yd. Roll-Off Service**

INV MO	DEPT	HAULS	\$ /HAUL	\$ TTL HAUL	COST REC	ADMI N	FUEL	PROPOSED					ALPINE WASTE MTM/ 36/60
								TOTAL BASELINE AMT	WM MONTH TO MONTH	PROPOSED WM 36-MO AGREE	PROPOSED WM 60-MO AGREE	PROPOSED WC MTM/ 36/60 AGREE	
MONTHLY	WATER	1	341	341			83	424	303	292	275	260	637
MONTHLY	PARKS	2	375	750			195	945	605	583	550	520	1,174
MONTHLY	UTIL	1	341	341			84	425	303	292	275	260	637
MONTHLY	SERV CTR	2	375	750			195	945	605	583	550	520	1,174
SEASONAL	PARKS	1	285	285	12	5	71	373	303	292	275	260	637
<b>TOTAL</b>		<b>7</b>						<b>3,112</b>	<b>2,118</b>	<b>2,041</b>	<b>1,925</b>	<b>1,820</b>	<b>4,259</b>
<b>EST. ANNUAL TOTAL</b>		<b>84</b>						<b>37,340</b>	<b>25,410</b>	<b>24,486</b>	<b>23,100</b>	<b>21,840</b>	<b>51,108</b>
<b>SAVINGS</b>									<b>11,930</b>	<b>12,854</b>	<b>14,240</b>	<b>15,500</b>	<b>-13,768</b>
<b>SAVINGS %</b>									<b>31.9%</b>	<b>34.4%</b>	<b>38.1%</b>	<b>41.5%</b>	<b>-36.9%</b>

**Table 3.3: Estimated Savings Summary – Comingled Recycling Service**

INV MO	DEPT	ADDRESS	EQUIP	PICK UPS	MO SERVICE	FUEL/ ENV	REG CST REC	ADMIN	SERV PLN	LOCK	PROPOSED				
											TOTAL BASELINE AMT	WM MONTH TO MONTH	PROPOSED WM 36-MO AGREEMENT	PROPOSED WM 60-MO AGREEMENT	PROPOSED WC 36/60 AGREEMENT
Aug-16	REC	1155 W OXFORD	6 YD	OC		72	3	3	5		87	94	83	72	55
Oct-16	PIRATES	1225 W BELLEVIEW	6 YD	OC		185	45	8	5		243	94	83	72	55
Aug-16	FIRE	3075 S TEJON	2 YD	1X WK		80	20	4	5	10	118	61	50	39	50
Nov-16	SAFETY	3615 S ELATI	3 YD	3X WK		180	45	8	5	10	248	215	182	154	115
Feb-17	WWTP	2900 S PLATTE	6 YD	2X WK		218	59	10	5	10	302	187	165	143	127
Oct-16	WWTP	2900 S PLATTE	6 YD	2X WK		189	40	8	5	10	253	187	165	143	127
Nov-16	SERV CTR	2800 S PLATTE	6 YD	1X WK		153	39	7		10	208	94	83	72	75
Nov-16	GOLF	4000 S CLAY	3 YD	1X WK		141	35	6		10	192	72	61	50	75
Nov-16	ALLEN	1500 W LAYTON	2 YD	1X MO		80	20	4	5	10	119	65	55	45	50
Nov-16	CIVIC	1000 ENGLEWOOD	6 YD	EOW		150	51	5	5	10	238	24	21	17	75
Nov-16	MALLEY	3380 S LINCLON	3 YD	1X WK		173	44	8	5		229	72	61	50	55
<b>TOTAL</b>											<b>2,237</b>	<b>1,162</b>	<b>1,005</b>	<b>854</b>	<b>859</b>
<b>ANNUALIZED TOTAL</b>											<b>26,845</b>	<b>13,940</b>	<b>12,065</b>	<b>10,242</b>	<b>10,308</b>
<b>SAVINGS</b>												<b>12,904</b>	<b>14,780</b>	<b>16,603</b>	<b>16,537</b>
<b>SAVINGS %</b>												<b>48.1%</b>	<b>55.1%</b>	<b>61.8%</b>	<b>61.6%</b>

- Once a month and every-other-week service may be replaced with on-call service and is TBD.

**Table 3.4: Estimated Savings Summary – Port-o-Let Service**

Service Frequency		Baseline	Waste Management		Bertsch Bros		S&B Porta Bowl	
		1x wk	1x wk	2x wk	1x wk	2x wk	1x wk	2x wk
	Standard	66	65	85	65	105	114	228
	ADA POL	95	85	105	80	115	190	380
<b>14 Std, 2 ADA, Annualized</b>		<b>13,368</b>	<b>12,960</b>		<b>12,840</b>		<b>23,712</b>	
<b>Est Annual Savings</b>			<b>408</b>		<b>528</b>		<b>-10,344</b>	
60-Special Event - July 4th	Standard	60	55		75		72	
6-Special Event - July 4th	ADA POL	75	75		175		102	
10-Special Event - July 4th	Handwash	60	55		95		72	
<b>Special Event Amount</b>		<b>4,650</b>	<b>4,300</b>		<b>6,500</b>		<b>5,652</b>	
<b>Special Event Savings</b>			<b>350</b>		<b>-1,850</b>		<b>-1,002</b>	
<b>Savings</b>			<b>758</b>		<b>-1,322</b>		<b>-11,346</b>	

**Table 3.5: Estimated Savings Summary – Combined Waste Services**

	TOTAL BASELINE AMOUNT	PROPOSED WM MONTH TO MONTH	PROPOSED WM 36-MO AGREEMENT	PROPOSED WM 60-MO AGREEMENT	PROPOSED WC 36/60 AGREEMENT
ESTIMATED ANNUAL TRASH & RECYCLING	115,625	86,304	79,989	73,936	68,038
ESTIMATED SAVINGS		29,322	35,637	41,690	47,588
SAVINGS %		25.4%	36.4%	42.7%	48.7%

## 4 Port-o-Let Questionnaire Responses

ERA noted frustration with the current port-o-let provider and the desire to change suppliers and qualify potential service providers based on the COE’s criteria. ERA solicited Deborah Trusty’s recommendations for the supplier responses summarized below in Table 4.2.

**Table 4.1: Respond Y/N to the Following Questions (Responses in Bold)**

WM	<b>Y</b>	Your company will discharge waste to L/WWTP from domestic sanitary septic tanks only. Do you agree to these restrictions? <b>Portable toilets ONLY, we do NOT pump septic tanks. At present, we dump at Metro Wastewater Facility.</b>
BB	<b>Y</b>	Your company will discharge waste to L/WWTP from domestic sanitary septic tanks only. Do you agree to these restrictions?
S&B	<b>Y</b>	Your company will discharge waste to L/WWTP from domestic sanitary septic tanks only. Do you agree to these restrictions?
WM	<b>Y</b>	Your company understands that waste discharge discovered by COE other than the above may lead to immediate cancelation of the agreement(s) and removal of all port-o-lets at no charge to the city?
BB	<b>Y</b>	Your company understands that waste discharge discovered by COE other than the above may lead to immediate cancelation of the agreement(s) and removal of all port-o-lets at no charge to the city?
S&B	<b>Y</b>	Your company understands that waste discharge discovered by COE other than the above may lead to immediate cancelation of the agreement(s) and removal of all port-o-lets at no charge to the city?
WM	<b>Y</b>	Your company understands that trash and clothing are removed prior to disposal at the L/E WWTP?
BB	<b>Y</b>	Your company understands that trash and clothing are removed prior to disposal at the L/E WWTP?
S&B	<b>Y</b>	Your company understands that trash and clothing are removed prior to disposal at the L/E WWTP?

**Table 4.2 Supplier Responses to Open-Ended Questions (Responses in Bold)**

WM	<p>How do you remove trash or clothing from your loads? <b>My team will use suction hose to remove trash or clothing from tank. They put it into a bucket and will dispose of it upon arrival to our yard, or they dispose of it at the Waste Water Facility.</b> How do you insure non-domestic waste is not in your loads? <b>If my drivers see a sheen, film, or paint-like residue, they will notify management immediately and will refrain from pumping until is is determined what is in the unit. If we are unable to determine what is in the unit, we will swap the unit, bring unit in question into the yard. If we are unable to determine, we will pump out to a 3rd party vendor, passing along a \$50.00 cost to the customer.</b></p>
BB	<p>How do you remove trash orf clothing from your loads? <b>We wear gloves and after we have extracted the liquid out and waste we remove what is left we pick out and put in trash at end of route it will be put in dumpster at our location.</b> How do you insure non-domestic waste is not in your loads? <b>If we can see any type of evidence that there might be non waste other than trash we have another truck go to it and remove all in tank and we work on finding out what it is and dispose of it.</b></p>
S&B	<p>How do you remove trash orf clothing from your loads? <b>Trash and clothing are removed from the waste tank inside the portable restroom prior to pumping the wate into the tank of the service vehicle. It is removed with an industrial grade trash grabber and placed into a plastic bag for disposal at the solid waste landfill facility.</b> How do you insure non-domestic waste is not in your loads? <b>Our service tehncians visibly inspect the contents inside the waste tank prior to pumping to insure the waste is not contaminated.</b></p>

## 5 Service and Contract Review

ERA will review the features of the contracts proposed by the selected supplier and insure terms are consistent with the RFP to include the following points:

- P-card invoice payment acceptance
- All COE locations listed on a Master Account invoice with child accounts for each department / location
- Dedicated account manager for service issues, training and SPOC
- Signage to identify trash, recycling, wet and paper separation in English and Spanish
- One year rate lock with 3% price cap on remaining years
- Accommodate change is service frequency or bin size consistent with Master Agreement
- Accommodate additional service locations at rates consistent with the national agreement
- Invoice will clearly detail equipment type, capacity and pickup frequency for each service line item

## 6 Savings Calculations

Savings are calculated by comparing the actual invoice cost and the baseline price, multiplied by the monthly transaction or unit volume. Savings will be calculated from supplier invoices. The actual savings for the 24-month review period includes the following components:

- Contract items – savings will be calculated by subtracting the new price versus the baseline price, multiplied by the units purchased (baseline price - new price\*units = actual savings).
- Bin delivery/move/cancelation fee Savings from a baseline amount to be determined.
- Reduction and/or elimination in any associated non-governmental fees, i.e. fuel, environmental, administrative, extra haul, lock, cost recovery, etc. from a baseline amount to be determined.
- Reducing item costs has a corresponding reduction in tax liability and will be itemized and considered in the savings calculation.
- All incentives, credits or rebates from the recommended supplier(s) during the 24-month period, over and above the actual savings calculation above including savings through the limitations in annual increases.
- The net financial benefits from any improvements to processes and /or procurement methodologies implemented because of ERA's recommendations, over and above the actual savings calculation, as monitored by ERA.
- Savings realized on like-items or like-item alternates determined to be acceptable to you.
- If alternate items are more expensive than baseline items but also provide increased yield, ERA will apply the same savings percentages as the baseline items.
- ERA will monitor for errors beyond contract compliance. For example, if the pricing for an item is incorrect per terms we negotiate, we will address those errors at no charge. If we find additional non-contract billing errors, they will be treated as non-contract pricing errors and incremental non-contract savings will be applied.

Note: Certain commodity based product prices can fluctuate – in accordance with underlying commodity prices – and may not be fixed under the terms of the current Supply Agreement. The original Baseline Price will be adjusted to reflect the impact of the increase or decrease for any manufacturer price changes that are passed on to the supplier.

ERA will monitor purchasing activity monthly and will calculate actual savings on the basis described above. A detailed computation sheet will accompany each review.

## 7 Next Steps

The next steps, which include company Demos, Supplier Selection and Implementation and Post Implementation Monitoring, ensure that ERA maintains an active role in helping you realize continuous savings. Recognizing the need by COE to fulfill any current obligations, the following steps will provide a preliminary guide to the implementation process. COE should review the following dates and tasks to validate and confirm commitment to these action steps and timetable:

Activity	Responsible	Target Date
Arrange supplier presentations if necessary and review contract(s).	COE / Supplier / ERA	3/10/17
Sign supplier agreement	COE / Supplier	3/24/17
Inform unsuccessful suppliers	ERA	3/24/17
Implement selected option	COE / ERA	4/1/17
Monthly reviews to monitor savings and recommend adjustments	ERA	Monthly after implementation

Using this report, and any other information ERA is asked to provide, COE will choose from the available Options within the next 15 days.

If required, ERA will help facilitate and evaluate supplier presentations for COE’s team. These meetings will be scheduled within the next 1 to 2 weeks. We encourage COE to include stakeholders from the various locations (departments) to participate in these supplier presentations to gain support for any potential decision to change supplier.

## 8 Client Acknowledgement

The Parties agree that this Options Report contains one or more Savings Opportunity that (check all that apply):

- Provides COE with savings, credits or rebates from one or more incumbent suppliers.
- Provides savings from approved changes that COE intends to implement in its methodologies or processes.
- Provides other savings that COE intends to implement or does implement.

ERA's fee is 50% of the *actual* savings for 24 months and is payable as follows:

- Initial fee of 10% of the *projected* savings (\$83,400) upon Receipt of this Savings Opportunity = \$8,340.
- Balance over 24 monthly payments (each payment is 50% of the actual savings minus 1/24<sup>th</sup> of the above initial fees paid).

Acknowledged on behalf of COE:

Name:

Title:

Date:

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Notes: \_\_\_\_\_

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## Expense Reduction Analysts

City of Englewood  
Waste Service  
Baseline Report

November 22, 2016

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### **Client Managers**

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## Table of Contents

1	Introduction.....	1
2	Initial Review and Scope of Work.....	2
3	Key Considerations .....	4
4	Incumbent Suppliers.....	4
5	Data Analysis.....	7
6	Baseline Pricing .....	8
7	Savings Calculations .....	8
8	Summary .....	9
9	Acknowledgment .....	9
10	Next Steps .....	10
	Appendix – Baseline Prices .....	1

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# 1 Introduction

The City of Englewood (the City) has engaged Expense Reduction Analysts (ERA) to review its Waste Service expenses. Our objective is to ensure that you are receiving the best value for each dollar spent for products and services in this Category.

ERA will use its industry knowledge, market intelligence, and negotiating skills to validate current expenditures, compare unit costs against benchmark data, and identify alternate sources and solutions to realize savings.

The ERA cost review process consists of 10 steps:



The Client Agreement was signed on August 4, 2016 and the project commenced on October 17, 2016. We have completed Project Launch through Market Analysis and are at the Baseline Report step. In this report, we will review:

- Locations and services included/out of scope for this project
- Services included in this project
- Supplier relationships and agreements
- Product specification requirements
- Quality and service requirements
- Baseline unit costs
- Methodology for calculating savings
- Next steps, including a project plan and an approximate timeline

We will focus on like-for-like offers and consider other potential expense reduction opportunities that might be obtained by improving business processes or through offering alternate solutions.

## 2 Initial Review and Scope of Work

ERA initially reviewed all of the City's suppliers listed under the City's expense type, Sanitation Trash Services, as listed below, with total spends for January-September 2016 (nine months) of \$314,100. The bolded suppliers in Table 2.1 were determined to be within the scope of this project.

Table 2.1: Sanitation Trash Services Spend, Jan-Sep 2016

	<b>Total</b>
<b>Secure On-Site Services</b>	
Purification	215,852
<b>Waste Management</b>	
Grit & Rags	20,149
Porta Potties	4,650
Trash	34,904
Trash/Rcy	3,405
Recycling	13,104
Hazardous Waste	1,511
<b>Liberty Waste Mgmt</b>	
Porta Potties	6,973
<b>Pest Express</b>	
Pest Control	4,145
<b>Orkin</b>	
Pest Control	4,039
<b>Oxford Recycling Inc</b>	
Construction Waste	4,027
<b>Waste Connections</b>	
Trash	1,251
<b>Home Depot</b>	
N/A	48
<b>Total</b>	<b>\$ 314,058</b>

To properly understand current costs paid by the City for the in-scope waste services and to establish a Baseline against which to measure our impact on these costs, we reviewed purchase history data from Waste Management, Waste Connections and Liberty Waste. See Table 2.2 below.

Table 2.2: In-Scope Waste Services, Jan-Sep 2016

	<b>Total</b>	<b>Annualized</b>
<b>Waste Management</b>		
Grit & Rags	20,149	
Porta Potties	4,650	
Trash	34,791	
Trash/Rcy	3,405	
Recycling	13,104	
Hazardous	1,511	
<b>Liberty Waste Mgmt</b>		
Porta Potties	6,973	
<b>Waste Connections</b>		
Trash	1,251	
<b>Total</b>	<b>\$ 85,835</b>	<b>\$ 114,446</b>

Table 2.3: Trash and Recycling Hauling Locations

ERA reviewed historical service activity and expenditures during the period of January through September 2016 (nine months) for the following locations:

<b>Location</b>	<b>Address</b>
Acoma Fire	4830 S Acoma
Allen Water Plant	1500 W Layton Ave
Animal Control	3629 S Fox St
Belleview Park	1101 Belleview Ave
Civic Center	1000 Engelwood Pkwy
Golf Course	4000 S Clay St
Malley	3380 S Linclon St
Pirates Cove	1225 W Belleview Ave
Police/Fire	3615 S Elati St
Rec Center	1155 W Oxford Ave
Service Center	2800 S Platte River Dr
Tejon Fire	3075 S Tejon St
WWTP	2900 S Platte River Dr

It is essential that all locations are identified. Based on the list above, are you aware of any that may have been over looked?

The scope of this Waste Service project will include the following sub-categories:

- Trash
- Comingled Recycling
- Port-a-Potty Rental

The current trash hauling equipment consists of 2,3,4, 6 and 8-yard dumpsters as well as 30-yard roll-off bins. Pickup schedules vary from daily to every-other-month pick-up and on-call pickups.

Historical pricing within the scope of this project was extrapolated to identify pricing baselines and annual expenditures. Specific details are found in Section 5, Data Analysis and the Appendix.

After establishing the Baseline price for the services under review, ERA will conduct a comparative market analysis, which will include issuing a Request for Proposal, to accurately compare responses and identify service and pricing opportunities with industry benchmarks.

### **3 Key Considerations**

Matching your product and service needs to the capabilities of qualified suppliers is of prime importance. ERA will utilize our resources to help you achieve this goal. We have identified several service-related criteria that we feel are important in the selection of a supplier:

#### **Service and Quality Criteria**

1. Meet or exceed the City's servicing requirements
2. Competitive pricing for hauling services
3. Consistent pickups per schedule or timely on-call service response
4. Accommodation of seasonal demand schedules and special events
5. Clear and accurate invoicing including consolidation of invoices whenever possible – there are currently ~26 separate monthly invoices

Please advise if you agree and add any additional service requirements that should be considered to possibly make a supplier change.

### **4 Incumbent Suppliers**

ERA obtained accounts payable data from the City and recent invoices from Waste Management, Waste Connections and Liberty Waste that reflect current expenditures by location by waste stream for the suppliers identified as in-scope in Table 4.1 and Table 4.2 on the following pages.

Table 4.1: Waste Expenditure by Location/Type Jan-Sep 2016 (Not Annualized)

	<b>Waste Management</b>	<b>Waste Connections</b>
Acoma Fire		
Trash	756	
Allen Water Plant		
Recycling	985	
Trash	1,707	
Animal Control		
Trash	706	
Bellevue Park		
Trash	2,614	
Civic Center		
Recycling	1,998	
Trash	6,491	
Golf Course		
Recycling	1,777	
Trash	1,192	1,251
Malley		
Trash/Rcy	3,405	
Pirates Cove		
Recycling	1,011	
Trash	967	
Police/Fire		
Recycling	2,048	
Trash	2,103	
Rec Center		
Recycling	430	
Trash	1,422	
Service Center		
Recycling	1,710	
Trash	10,114	
Tejon Fire		
Recycling	871	
Trash	695	
WWTP		
Grit & Rags	20,149	
Recycling	2,273	
Trash	6,025	
N/A		
Hazardous	1,511	
<b>Total</b>	<b>\$72,960</b>	<b>\$1,251</b>

Table 4.2: Porta-Potty Expenditure Jan-Sep 2016 (Not Annualized)

<b>Porta Potties</b>	
Liberty Waste Mgmt	6,973
Parks	3,636
Golf Course	2,142
Belleview Park	1,024
Centennial Park	85
Miller Field	85
Waste Management	
N/A	4,650
<b>Total</b>	<b>\$11,623</b>

We understand that the City is generally satisfied with the current service levels provided by Waste Management and unsatisfied with Liberty Waste Services porta potties. ERA will explore alternatives to Liberty with alternative licensed vendors including All Bright Sanitation, Alpine Disposal, American Disposal Services, Lies Waste Systems, Packman Disposal Services, Waste Connections and Waste Management. Please let us know if you have additional suggestions or wish any of the options suggested to be removed from our list.

### **Alternate Suppliers**

ERA is not aware of any extraneous relationships which would impact consideration of an alternate supplier. Although current supplier relationships are well-established, ERA assumes the City is open to changing suppliers based upon financial benefits and will consider alternate supplier options based upon the value of those benefits.

ERA understands a supplier change may include non-quantifiable risks and must be off-set by savings including the same or improved service levels. The City will determine if the savings and service levels proposed by new supplier(s) offer compelling reasons for making a change. Based on our discussions and analysis to date, it is ERA's understanding that the City will seriously consider alternative options which ERA may present.

### **Supplier Agreements**

ERA has not been made aware of any Contracts / Supply Agreements between any incumbent supplier and the City that would prevent or restrict the City from changing suppliers or doing business with an alternate supplier. If the City has entered contracts with selected incumbent suppliers, the nature of which could prevent or restrict the City from changing suppliers or doing business with an alternate supplier, we will need to obtain copies of these agreements to understand the parameters and any impact they may have upon our activities or the opportunities that may exist in the marketplace.

ERA needs to understand the potential impact that the Tabor laws may have on our leverage to negotiate better terms based on the potential for a multi-year commitment.



## 5 Data Analysis

The historical supplier data reviewed by ERA determined that the City’s in-scope Waste Service expenditure was \$85,800 for the period of January through September 2016. We observed there is a seasonal nature to the cost in the summer months, as indicated in Figure 5.1 and mitigated in Figure 5.2 with the removal of four extraordinary roll-off hauls and porta potty rental.

Figure 5.1: Waste Service Paid Invoices January – September 2016

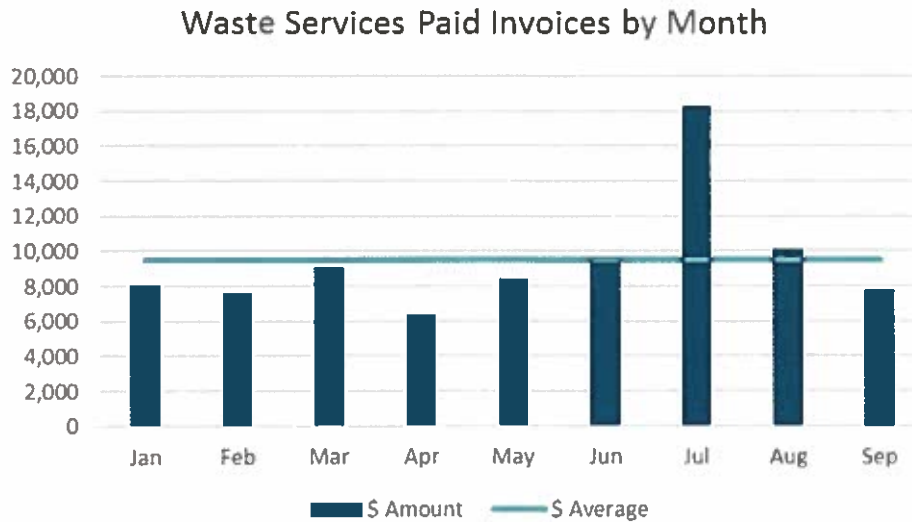
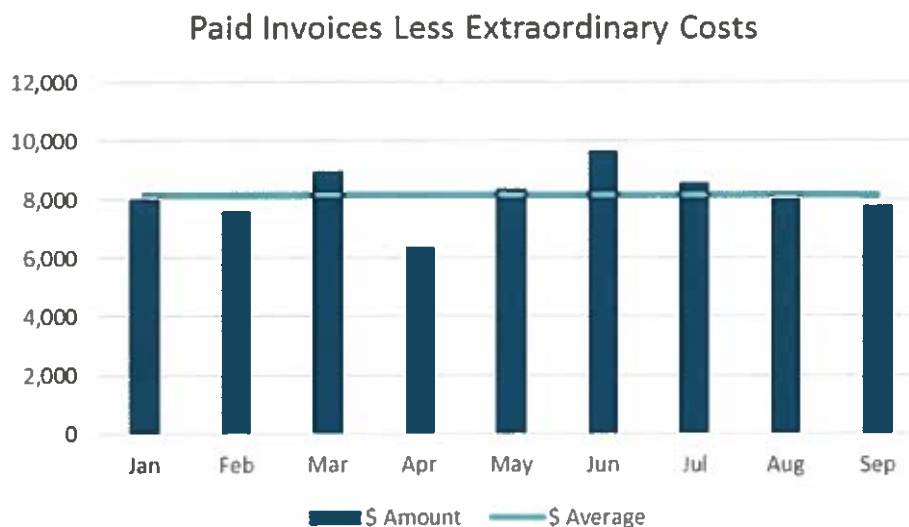
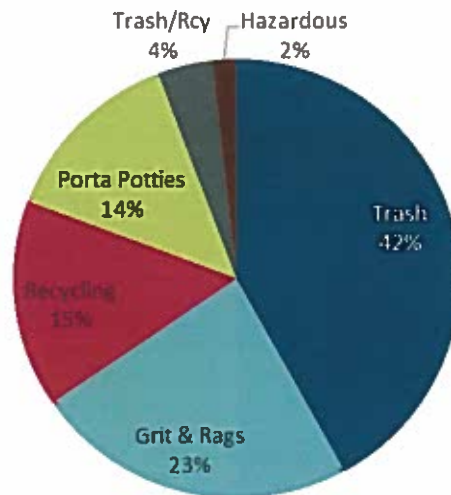


Figure 5.2: Waste Service Expenditure January – September 2016 Less Extraordinary Expenses



- Extraordinary costs in July and August include extra screening & grit removal, Service Center hauls and the event rental of WM porta potties.
- Pirates Cove also impacts summer variability.

Figure 5.3: Percentage of Waste Cost by Sub-Category



## 6 Baseline Pricing

This Report presents the current pricing structure the City is receiving from its suppliers. Baseline pricing is determined by taking the most recent applicable billing rate or unit cost, plus taxes and fees, as representative of the current spend on each item or service. These combined costs are then used to establish a baseline cost for all services purchased during the sample period.

Prior to a final savings calculation, we will complete a second verification of Baseline pricing based on the most recent supplier pricing available at that time. The baseline spend may be adjusted to reflect the findings.

## 7 Savings Calculations

Savings are calculated by comparing the actual invoice cost and the baseline price, multiplied by the monthly transactions or unit volume. Savings will be calculated from supplier invoices. The actual savings for the 24-month review period includes the following components:

- Contract items – savings will be calculated by subtracting the new price from the baseline price, multiplied by the units/services purchased (baseline price - new price\*units = actual savings).
- Reducing item costs has a corresponding reduction in tax and miscellaneous fee liability and will be itemized and considered in the savings calculation.
- All incentives, credits or rebates from the recommended supplier(s) during the 24-month period, over and above the actual savings calculation above and including savings through the limitations in annual increases.

- The net financial benefits from any improvements to processes and/or procurement methodologies implemented because of ERA's recommendations, over and above the actual savings calculation above, as monitored by ERA.
- Savings realized on like-items or like-item alternates determined to be acceptable to you.
- ERA will monitor for errors beyond contract compliance. For example, if the pricing for a service is incorrect per the terms we negotiate, we will address those errors at no charge. If we find additional non-contract billing errors, they will be treated as non-contract pricing errors and incremental non-contract savings will be applied.
- Note: Certain indexed prices can fluctuate – in accordance with underlying commodity prices – and may not be fixed under the terms of the current Supply Agreement. The original Baseline Price will be adjusted to reflect the impact of the increase or decrease for any index price changes, i.e. fuel surcharge.
- If the expenses in this category are often controlled by contracts with future expiry dates, the implementation may be done in phases as contracts expire and each phase shall have its own ERA project term beginning on the date it was implemented.
- ERA will monitor purchasing activity monthly or quarterly and will calculate actual savings on the basis described above. Each review will be accompanied by a detailed computation sheet.

## 8 Summary

Before proceeding to the next steps in the project, it may be useful to discuss important success factors and set expectations with all project stakeholders. We have found the following to be essential:

- Allowing all stakeholders impacted by the project to participate in meetings;
- Instructing all stakeholders to avoid supplier negotiations on any subject related to this project while underway;
- Clearly communicating to all stake holders ERA's role in this project;
- Establishing a clear approval process for all stakeholders and explain that the goal of expense savings is to free up cash and put it back to work in your business;
- Committing to future meeting dates to keep the project on schedule.

## 9 Acknowledgment

ERA would like to thank Kathleen Rinkel, Dorothy Hargrove and Dave Lee for their valuable contribution in helping ERA compile the information used in this Report.

## 10 Next Steps

ERA has presented the Baseline information and methodology for the Waste Service project. In summary,

- Baseline prices were presented;
- ERA has been provided with copies of all current contracts and agreements applicable to the suppliers identified in this Report;
- The participating suppliers were identified;
- Calculation of future savings was presented and
- The City will notify ERA of any inaccuracies or need for corrections to this Report. Changes will be incorporated into future Reports.

Any additional comments arising from the presentation of the Report to be noted below:

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ERA intends to issue a RFP to the incumbent supplier(s), not including Liberty Waste, along with additional qualified suppliers. Before commencing this stage, are there any special requirements for your organization such as public advertising, posting to a website, diversity or minority-owned business or organized labor that need to be considered?

The next steps and schedule for this project are proposed below:

Activity	Responsible	Target Date
Acknowledge Baseline methodology	City	11/22/2016
Issue Request for Proposal (RFP)	ERA	11/28/2016
Evaluate RFP results	ERA	12/5/2016
Present Options Report (tentative date /time)	ERA	12/12/2016
Implement selected Option	City / ERA	01/01/2017
Quarterly reviews to monitor savings	ERA	Quarterly

## Appendix – Baseline Prices

Acct #	Pay Date	Location	Address	Type	Equip	CuYd	PU/ Wk	CuYd/ Mo	Amt	Service	Fuel/ Env	Env Chg	Cost Rec	Adm Chg	R Mat Offset	Serv Pln	Lock	Total
615922	07/01/16	Civic Center	1000 Englewood Prkwy	Trash	30-Yd	30	OC	N/A	373.00	285.00	32.50	37.76	12.78	5.00				373.04
241293	08/20/16	Civic Center	1000 Englewood Prkwy	Trash	8-Yd	8	5	173.2	692.91	556.89	136.02							692.91
297955	09/20/16	Civic Center	1000 Englewood Prkwy	Rcy	6-Yd	6		0.0	237.72	150.08	50.66		4.58	5.00		9.95	17.45	237.72
225591	10/20/16	Bellevue Park	1101 W Bellevue Ave	Trash	8-Yd	8	1	34.6	466.62	375.00	91.62							466.62
224126	08/20/16	Rec Center	1155 W Oxford Ave	Trash	6-Yd	6	2	52.0	181.28	145.69	35.59							181.28
282151	10/20/16	Rec Center	1155 W Oxford Ave	Rcy	6-Yd	6	OC	N/A	87.24	71.66		3.01	2.69	5.00	4.88			87.24
255321	08/20/16	Pirates Cove	1225 W Bellevue Ave	Trash	6Yd, 8Yd	14	OC	N/A	272.70	211.61	51.64		9.45					272.70
297954	10/20/16	Pirates Cove	1225 W Bellevue Ave	Rcy	6-Yd	6	OC	N/A	243.24	184.82	45.14		8.28	5.00				243.24
225330	09/01/16	Allen Water Plant	1500 W Layton Ave	Trash	30-Yd	30	OC	N/A	424.15	340.67	80.28							420.95
297950	09/20/16	Allen Water Plant	1500 W Layton Ave	Rcy	2-Yd	2	0.25	2.2	117.99	79.98	19.45		3.61	5.00		9.95		117.99
223453	05/20/16	Service Center	2800 S Platte River Dr	Trash	30-Yd	30	OC	N/A	463.05	374.75	88.30							463.05
297959	09/20/16	Service Center	2800 S Platte River Dr	Rcy	6-Yd	6	1	26.0	211.79	152.80	37.20		6.84	5.00		9.95		211.79
224429	08/20/16	WWTP	2900 S Platte River Dr	Trash	3-Yd	3	4	52.0	81.12	64.40	15.74							80.14
224429	08/20/16	WWTP	2900 S Platte River Dr	Trash	(2) 6-Yd	12	4	207.8	324.47	354.94	86.73							441.67
224429	08/20/16	WWTP	2900 S Platte River Dr	Trash	8-Yd	8	4	138.6	216.32	80.45	19.66							100.11
617710	08/01/16	WWTP	2900 S Platte River Dr	Trash	30-Yd	30	OC	N/A	534.50	406.22	128.28							534.50
297958	09/20/16	WWTP	2900 S Platte River Dr	Rcy	6-Yd	6	2	52.0	252.51	189.24	40.06		8.26	5.00		9.95		252.51
223565	08/20/16	Tejon Fire	3075 S Tejon St	Trash	2-Yd	2	1	8.7	85.58	68.78	16.80		8.10	5.00		9.95		85.58
297952	11/01/16	Police/Fire	3615 S Elati St	Rcy	3-Yd	3			247.99	179.65	45.29							247.99
297935	09/20/16	Malley	3380 S Lincoln St	Trash	3-Yd	3	1	13.0	403.02	172.82	40.00		13.84	5.00				231.66
297935	09/20/16	Malley	3380 S Lincoln St	Rcy	2-Yd	2	2	17.3	171.57	136.14	35.00							171.14
223479	08/20/16	Police/Fire	3615 S Elati St	Trash	3-Yd	3	3	39.0	248.64	199.82	48.82							248.64
297938	07/27/16	Tejon Fire	3075 S Tejon St	Rcy	2-Yd	2	1	8.7	118.04	79.98	19.53		3.58	5.00		9.95		118.04
252327	08/20/16	Animal Control	3629 S Fox St	Trash	3-Yd	3	1	13.0	80.02	64.31	15.71							80.02
224544	08/20/16	Golf Course	4000 S Clay St	Trash	3-Yd	3	2	26.0	135.02	108.51	26.51							135.02
300188	09/20/16	Golf Course	4000 S Clay St	Rcy	3-Yd	3	1	13.0	197.46	141.42	34.75		6.34	5.00		9.95		197.46
223596	08/20/16	Acoma Fire	4830 S Acoma	Trash	2-Yd	2	1	8.7	85.58	68.78	16.80							85.58