

The following is the proposal submitted by

## **DERBY DISPOSAL, LLC**

to be the exclusive

### **RESIDENTIAL SOLID WASTE AND RECYCLABLES COLLECTION AND TRANSPORTATION SERVICE FOR THE RESIDENTS OF THE CITY OF DERBY, KANSAS**

#### **ITEM 7.2 Respondent Qualifications**

##### Staff Qualifications

Derby Disposal currently serves approximately 2,100 customers in the City of Derby for Municipal Solid Waste. The service has been operating in the City of Derby since 2004.

##### Understanding of local conditions

Derby Disposal has its corporate office in Derby and is currently servicing approximately 2,100 Derby customers. This experience gives Derby Disposal a good understanding of local conditions.

##### Client relationship

Derby Disposal has not only provided services in Derby, but has also provided services in Mulvane and South Wichita, Kansas. Throughout its existence, Derby Disposal has not been involved in any litigation with regards to the failure to provide information to municipalities and counties or for any other issue.

##### Customer service

Derby Disposal has continued to be courteous and responds promptly to any customer inquiries or service requests. Proof of this approach is that fact that over the last four years, Derby Disposal grew internally, not from acquisitions, from zero customers to currently over 3,500 customers.

##### Nondiscrimination and affirmative action

All hiring by Derby Disposal has been in compliance with all federal, state and local statutes including nondiscrimination and affirmative action. Derby Disposal has never had a complaint of this type filed against it.

**ORIGINAL**

### Corporate citizenship

Derby Disposal has been and continues to be environmentally friendly and has contributed to the quality of life of Derby residents by contributing to :

DERBY BASEBALL TIGERS

## **7.2.1 References**

### Technical and Operational Features

Currently, Derby Disposal uses 95 gallon carts for all customers. The carts will be of the semi-automatic style. The size of the carts for this proposal are 95 and 65 gallon. The dual stream recyclable containers will be of the 95 gallon size for paper and bags for plastics and aluminum.

### \*\*Transition Period\*\*

The transition to the new service will be completed from the commencement date through December 31, 2010. This period of time will allow the other contractors to prepare for the change over. Also, the problem of contract termination and cart pick up fees can be dealt with in a cost effective manner during this period. Any necessary trucks and carts will be leased up and phased in through December 31, 2010.

Customer billing will be performed by Derby Disposal up through December 31, 2010. The billing will be performed on a quarterly basis.

As of January 1, 2011, the City of Derby Water Department should be performing all customer billing. This will give the Water Department sufficient time to modify its software to handle the waste service billing. The Water Department may retain 50 cents per month per customer for the handling of the billing. This procedure will be the most efficient way to bill customers with significant savings in postage and processing. The Water Department billing also reduces the risk of fee loss from non payment and thereby generates the maximum 5% franchise fee payable to the City of Derby.

### Difficult to Serve Accounts

Difficult to serve accounts and roll-out service is already being provided as necessary in the City of Derby by Derby Disposal and will continue under the Franchise Agreement.

**ORIGINAL**

### Recyclables and Bulky Waste Items

Derby Disposal currently provides bulky waste collection for its customers and any other service provider customers that request the collection of bulky waste. Currently, Derby Disposal is not providing recyclable service and will use local facilities to process recyclables under the Franchise Agreement. If volume of recyclables increases to substantial levels, Derby Disposal would be interested in providing its own recyclable facility.

### Equipment

Equipment acquisition will entail the procurement of the 95 and 65 gallon waste carts and recyclable containers as required. These items will be leased from the lowest cost provider that can meet the scheduled roll out date. The cost of capital is yet to be determined, and the items will be depreciated based on federal depreciation guidelines.

### Staffing

The current staff of 3 persons are well trained and experienced in the handling waste hauling and collection in the City of Derby. The current staff is very motivated to provide excellent customer service, and the growth of the company over the last five years is a testament to that dedication to serve. The company does not engage in a formal incentive program. Since the owners are the operators of the company, they have the ultimate motivation to get the service right without a formal incentive program.

During the transition period, Derby Disposal will be hiring one or two more haulers to handle the waste and recyclable volume.

### Municipal contract disclosure

Derby Disposal does not at present have any contracts with municipalities and has not been involved in any municipal contracts in the last 5 years.

## **7.2.2 Litigation Record**

Derby Disposal has not been involved in any litigation, civil contests, criminal actions, administrative actions, public procurement or contract disputes, revocations, class actions, or labor disputes over the last 5 years.

## **7.2.3 Customer Service**

Derby Disposal's corporate office is located at 121 W. Emma in Derby, which is a very convenient location for residents, being just one block from K-15. Customers can call the office

on weekdays between 8 AM and 5 PM for service and billing questions.

All Drivers carry cell phones and can be contacted quickly with any service issue.

## **7.2.4 Environmental Record**

Derby Disposal has had a clean history since its inception. There are no actions alleging noncompliance with environmental law, regulations, permit or compliance order over the past five years.

## **7.3 Proposed Program Implementation Plan**

### Transition Plan

See Section 7.3.1 below.

### Public Education

This proposal does not include public education services. A coordinated effort with a public relations firm or other parties and the City of Derby for ongoing education of customers will be the most effective way to provide education. Derby Disposal will not commit a specific person for education purposes and this Proposal does not include any costs for this type of education.

Derby Disposal will provide notices on the side every truck servicing Derby customers reminding them to recycle, or any other issue that needs public education.

### Other franchise commitments

This Proposal does not include the cost for services of collecting additional bags outside of cart on the regular service day. This Proposal does address extra waste pick up and bulky items by allowing for their pickup on Fridays.

### **7.3.1 Transition Plan**

#### Transition Plan

After execution of Franchise Agreement the first 90 days:

- A. Survey Derby Residents via mail or flyers, to determine size and number of waste and recyclable carts and communicate the details of the new service with monthly rates

- B. Obtain required Performance Bond and Insurance
- C. Contract for any additional equipment required ( trucks, etc)
- D. Begin discussions with a backup Contractor in the event of emergency
- E. Determine which customers can switch to the Franchise Service at the end of the ninety days without penalty
- F. Evaluate the legal issues with the assistance of the City regarding the ability of the City to cancel existing contracts between other contractors and customers so that Derby Disposal can be servicing all customers by December 31, 2010.
- G. All weekly waste collection will occur Monday through Thursday using 2 ½ routes each day with three different single axle vehicles.
- H. Order first batch of waste carts and required recyclable carts based on survey.
- I. Distribute Customer Service Agreements to all Derby customers as indicated in Appendix 3 to the RFP.

From 90 days to 180 days:

- A. Commence service with Derby customers able to switch to Franchise Service by delivering new waste carts to existing Derby Disposal customers and customers able to switch at this time.
- B. Deliver recyclable carts to all Derby residents requesting such service.
- C. Commence recyclable service, dual stream, paper in carts, plastics and aluminum in bags.
- D. Add customers as contracts expire and opportunities become available.
- E. Contract with backup Contractor.
- F. Order second batch of waste carts.
- G. First quarterly billings will be sent to customers.

From 180 days until December 31, 2010:

- A. Order final batch of waste carts.
- B. Commence service with as many Derby customers as legally possible. We envision there may be some delay due to legal issues in the termination of contracts. We request the guidance of the City in determining the ability to commence service with customers before the end of their existing contracts.
- C. Add customers as contracts expire and opportunities become available.

January 1, 2011 and thereafter:

- A. Derby Water commences billing waste collection with monthly water bills.
- B. Derby Water collects 50 cents per customer per month out of the current Derby Disposal waste collection fees for this service.

**ORIGINAL**

### Transition record and references

Derby Disposal has not had the experience of transferring service under a Franchise Agreement. Being a local company, and because franchising is new to Sedgwick County, Derby Disposal has not had the opportunity to work under a previous Franchise Agreement.

### Transportation

The truck route for this service should be designed and agreed on between the City of Derby and Derby Disposal. Derby Disposal envisions only 2 ½ daily routes requiring only 3 single axle truck to fully service the customers of the City of Derby. Working together on the routes will allow the development of a plan that best meets the needs of the City and its residents. The coordinated plan also provides for efficiency for Derby Disposal in order minimize cost, maximize service, and maintain the low rates for customers. We also envision there will be frequent modifications to the routes as new residences are constructed.

Photographs of service vehicles and carts are enclosed with this proposal.

## **7.3.2 Proposed programs, services and operations to meet performance standards**

### Special Services

#### On-call bulky items excess solid waste collection

A single call to the Derby Disposal office will be required by the customer and the item or extra waste cart will be picked up on Fridays. Pricing will be based on the size and weight of the item. If the item is simply a full waste cart the price to the customer will be \$4.00.

#### Emergency Backup Service Plan.

There are no anticipated strikes, lockouts, and labor disturbances due to the owner operator nature of Derby Disposal. If there is equipment failure or employee unavailability, the backup plan is to have another contractor under contract to provide backup service as requested by Derby Disposal. Derby Disposal will pay the backup contractor.

## **7.4 Acceptance of Business/Contractual Terms**

Please see Form 3 “Exceptions to Terms of Derby RFP” enclosed with this proposal.

**ORIGINAL**

## 7.5 Financial Capacity

### 7.6.1 Financial Strength

See Financial Statements provided. Derby Disposal currently is servicing the approximately 2,100 customers in the City of Derby. This ongoing performance is indicative of Derby Disposal's ability to service these customers physically and financially. Any equipment required such as additional vehicle and carts will be obtained via lease financing. The cost of this equipment is included in the overall price proposal.

For 2008, Derby Disposal relevant financial information is as follows:

EBITDA	\$ 28,785
Gross Margin	24.0 %
Operating Margin	5.8 %
Current Ratio	.88
Quick Ratio	.88
Total Lia/Assets	.71

### 7.6.2 Financing Plan

The financing plan for this proposal will be the leasing of the non-logoed containers required and any additional service vehicles. Derby Disposal currently has a fleet of five service vehicles. Current lease financing is being provided by Padco and Dealers Lease.

#### Insurance

Insurance will be provided per the terms of the proposal from a third party provider. Currently Derby Disposal is insured by Shelter Insurance.

#### Evidence of Letter of Credit

Form 4 is not provided with this proposal as indicated on Form 3 "Exceptions to Terms of Deby RFP." Derby Disposal is willing to provide a performance bond in the amount of \$200,000. This level of protection along with the backup contract with another qualified waste collection contractor should be sufficient to protect the City of Derby from an unexpected default by Derby Disposal.

**ORIGINAL**

**7.7 Proposed Cost-substantiated Service Fee**

Derby Disposal based on all of its costs to service all of the City of Derby Residents proposes the following Service Fees:

Waste Cart Service 95 gallons	\$12.00 per month
Waste Cart Service 65 gallons	\$ 8.40 per month
Additional 95 gallon Waste Cart	\$ 4.00 per month
Recyclables	No charge with Waste Service
Roll Out	No charge for qualified customers
Bulky Items/Additional Items	As per schedule to be determined
Additional Waste Cart Service on Fridays with advance call	\$ 4.00 per pick up
<u>Other Charges for fuel price increases reset up or down quarterly:</u>	
Fuel cost between \$3.00 and \$3.50 per gallon	Add 50 cents per month
Each additional \$.50 above \$3.50 per gallon	Add 50 cents per month

**THIS FEE SCHEDULE WILL BE GUARANTEED FOR THREE YEARS**

*Remainder of this page intentionally left blank*

**ORIGINAL**

## **7.8 Implemented proposal will attain City's procurement goals.**

- **SUPERIOR COMPETITIVE RATES**  
Based on current waste collection rates in Derby and neighboring municipalities the rate quoted in this Proposal is below the current rates paid by nearly all of the City of Derby customers and includes the small cart option and recyclables.
- **LOCAL SERVICE PROVIDER - DERBY OFFICE**  
Derby Disposal currently maintains its office in Derby and therefore gives the customers a local contact for resolution of issues with waste collection.
- **SINGLE AXLE TRUCK - LESS STREET WEAR**  
Derby Disposal will service all Derby customers with Single Axle Trucks (Gross Vehicle Weight below 42,000 Gross Vehicle Weight). This truck is smaller and lighter than many waste collection trucks and will provide the City of Derby with lower street wear than the heavier trucks. This will result in a savings to the City of Derby for street repairs.
- **SMALL CART OPTION**  
The small waste cart option motivates customers to reduce their waste and commence recycling. The small waste cart option is priced 30% below the full size waste cart as suggested by the Sedgwick County Commission Solid Waste Management Plan.
- **SINGLE PROVIDER**  
This proposal gives the City of Derby a single waste collection provider allowing the City of Derby and its residents a single point of contact for waste collection.
- **PERFORMANCE ASSURANCE THROUGH PERFORMANCE BOND AND BACKUP PROVIDER**  
Derby Disposal will provide the City of Derby with a performance bond, but will take the additional step of contracting with a backup contractor in the event Derby Disposal is unable to meet the service needs of the customers. The contracting with a backup contractor takes the pressure off of the City of Derby in the event of a service disruption by already having the plan in place to provide continuous service to the customers via the backup contractor. Finding a backup contractor is not an issue for the City of Derby based on this proposal from Derby Disposal.

**ORIGINAL**

**7.8 Implemented proposal will attain City's procurement goals. (continued)**

- **THREE YEAR RATE GUARANTEE**  
The rates in this proposal are set for three years which gives Derby customers certainty in rates and the City of Derby satisfaction that the franchise agreement is providing a significant benefit. Currently, most customers receive or are potentially subject to annual rate increases. This rate guarantee prevents a low bidder, after entering into the franchise agreement, to request a significant price increase in the first year or two of the franchise agreement potentially defeating any economic advantage for Derby customers. The rate guarantee has significant value and avoids the embarrassment of immediate price increases.

*Remainder of this page intentionally left blank*

**ORIGINAL**

FORM 7  
SIGNATURE PAGE

  X   CHECK HERE IF RESPONDENT HAS ANY EXCEPTIONS TO THIS RFP

### CERTIFICATIONS, REPRESENTATIONS AND WARRANTIES

**Authority; Commitment.** As MANAGER of the firm of DERBY DISPOSAL, LLC, (“Respondent”), the attached Proposal (“Proposal”) is submitted in response to a Request for Proposals for Exclusive Municipal Solid Waste Services in the City of Derby, Kansas, as it may have been supplemented and clarified as of the date of submission of this Proposal (collectively, the “RFP”), and that I executed the Proposal with full authority to do so. The Respondent will honor its Proposal for one year from its date. I further certify:

- a. Respondent has not, directly or indirectly, entered into any agreement, participated in any collusion, or otherwise taken any action in restraint of free, competitive bidding in connection with its Proposal.
- b. All statements contained in the Proposal and in this certification are accurate, truthful, complete, and made with full knowledge that in awarding a Franchise Agreement in substantially the form appended to the RFP as of the date of submission of the Proposal, including all addenda thereto (collectively the “Agreement”), the City will rely upon the truth of the statements contained in the Proposal and in the statements contained in this certification, representation and warranty.
- c. Respondent has read and understood the RFP and specimen Franchise Agreement, including program specification, service standards and contractor’s rights and obligations, and Contractor has based its Proposal on its obligations under the Agreement.
- d. Neither Respondent nor any person having a substantial interest in Respondent nor any subcontractor referred to in the Proposal is currently suspended or debarred from doing business with any government entity.
- e. Respondent has reviewed all of its present and pending engagements and in making this Proposal, and determined that no potential for conflict of interest or unfair advantage exists.
- f. Having carefully examined the RFP, the Agreement, and all other documents, included or referenced in the RFP, all information made available by the City, and being familiar with the work and the various conditions affecting the work, Respondent hereby offers to furnish labor, vehicles, facilities, equipment, supplies and things necessary, proper or incidental to the provide services in accordance with the RFP and Agreement.
- g. No person or selling agency has been employed or retained by Respondent to solicit or secure the Agreement in expectation of receipt of a commission, percentage, brokerage or contingent fee, except *bona fide* employees or *bona fide* established commercial or selling agencies maintained by       NONE      .
- h. Respondent submits herewith all forms required by the City, as checked on the preceding Signature Page. and acknowledges that omission of any required form, representation or warranty shall be grounds for rejection of its proposal.

ORIGINAL

I. I acknowledge receipt of the following addenda (if any):

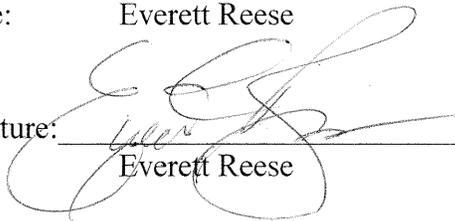
Addendum A            Dated Feb. 24, 2009    Titled: Addendum A to the RFP for  
Residential Solid Waste & Recyclables  
Collection and Transportation Services In  
Derby, Kansas February 24, 2009

I hereby agree to furnish the articles and/or services stipulated in my proposal at the price(s) quoted, subject to the instructions and conditions in the Request for Proposal package. I further attest that I am an official officer representing my firm and am authorized to sign and submit this proposal. I further certify, represent and warrant as attached to this Signature Page.

Company:    Derby Disposal, LLC

Phone:(316) 789-9482    Fax:(316) 789-9482    Email: DERBYDISPOSAL@MSN.COM

Name:            Everett Reese            Date:    March 17, 2009

Signature:  \_\_\_\_\_  
Everett Reese

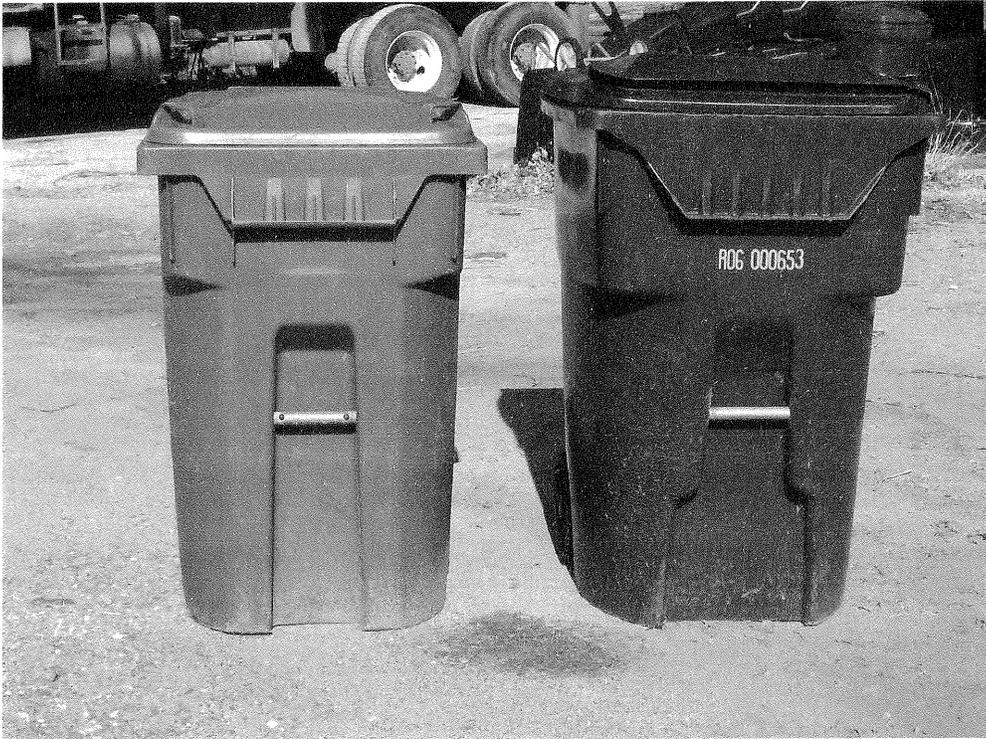
121 W. Emma, Derby, Kansas 67037

License No. LIC - 1 - 08 - 1535    License Classification:    Solid Waste Collection

**ORIGINAL**

DERBY DISPOSAL, LLC

Proposed Waste Carts



Proposed Service Vehicle



ORIGINAL

## EXCEPTIONS TO TERMS OF DERBY RFP

**Respondent: DERBY DISPOSAL, LLC**

Page 1 of 2

SECTION/PAGE REFERENCE	EXCEPTION	SUGGESTED ALTERNATIVE LANGUAGE	SERVICE FEE IMPACT IF NO CHANGE IS MADE
1	GP 8.2 pg 18	No Letter of Credit	5% increase in quoted rates for all services or unable to bid
2	5.3.7.2 pg 7	One free Bulky Item Pickup not included in bid	Cannot quantify cost impact without knowing the number of requests
3	5.4 pg 7	Abandoned Waste Collection not included	Cannot quantify cost impact without knowing the number of requests
4	5.3.5 pg 7	Transfer of Ownership of carts to City at termination	Cost would be borne by City or replacement Contractor.
5	5.2 pg 5	Emergency Service	Cost would be borne by City
6	5.2 pg 5	Compensation to current trash haulers for customer account cancellation fees	Cannot project impact since cancellation fees are unknown

ORIGINAL

**EXCEPTIONS TO TERMS OF DERBY RFP**

**Respondent: DERBY DISPOSAL, LLC**

SECTION/PAGE REFERENCE	EXCEPTION	SUGGESTED ALTERNATIVE LANGUAGE	SERVICE FEE IMPACT IF NO CHANGE IS MADE
7 GP 7.3 pg 11	Public Education cost not included in proposal	City, Sedgwick County, or third party (public relations agency) to provide Public Education	Unknown. City can add cost of program to customer bills
8 5.8 pg 8	Customer Billing	City to bill customers starting January 1, 2011 with water bill	50 cents per month to City for billing services no change in fees to customers
9 5.3.3 pg 7	Respondent must provide new automated wheeled carts...They must not display a company name or logo	Respondent will provide new or used carts that can bear the Respondent's name	New carts without the Respondent's logo adds \$1.00 per month for all cart styles.

**ORIGINAL**