

Township of Cheltenham

Montgomery County, Pennsylvania

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Township Manager

Bryan T. Havir



Administration Building
8230 Old York Road
Elkins Park, PA 19027-1589

Phone: 215 887-1000
FAX: 215 887-1561
www.cheltenhamtownship.org

MEMORANDUM

DATE: December 5, 2014
TO: Public Works Committee
FROM: Bryan T. Havir, Township Manager
SUBJECT: Status of 2015 Solid Waste Disposal Bids

On October 24, 2014, Springfield Township opened bids on behalf of sixteen (16) municipalities in eastern Montgomery County for solid waste disposal services to start at the beginning of 2015. Effective December 31, 2014, the County Waste Authority is being dissolved, and, therefore, each of the 16 municipalities must provide for municipal solid waste disposal for the first time in approximately 25 years. The bids were structured for one (1) 5-year contract and an option to extend the contract for an additional three (3) years. Bidders were given an opportunity to bid on all or only portions of the overall contract. The County engaged D&B Engineers and Architects, PC of South Plainfield, New Jersey to prepare the bid document at the County's cost.

Bid Form No. 1 provided an option for municipalities to haul directly to the contractor's disposal site. The total cost for each municipality was to be calculated as the sum of: (1) the bidder's per ton service fee (as-bid) and (2) a distance-based hauling cost based upon the hauling distance from each municipality's municipal offices to the bidder's designated disposal facility using certain parameters established by the project consultant in the bid document. Bid Form No. 2 provided a cost for municipalities that might be interested in utilizing the Abington Transfer Station located on Fitzwatertown Road. Bid Forms No. 3 and 4 were for Lower Merion Township and Narberth Borough.

Bids were received from BFI/Republic, Covanta, JP Mascaro, and Waste Management. Not all of the contractors bid on each option, nor did they produce a bid for all of the municipalities.

Bids for Cheltenham Township to directly haul to waste disposal facilities were as follows:

<u>Bidder</u>	<u>Service Disposal Fee</u>
Waste Management of Pennsylvania	\$44 per ton
Covanta	\$54 per ton
BFI/Republic	\$58 per ton
JP Mascaro	\$86.96 per ton

Cheltenham Township currently utilizes the Abington Transfer Station. Covanta, owner of the Plymouth Waste Energy Plant in Plymouth Township and current operator of the Abington Transfer Station, was the only firm that provided prices for waste transferred through the Abington Transfer Station (Bid No. 2). For Bid No. 2, the Covanta bid was \$87.03 per ton across the board for each municipality. All of the aforementioned prices per ton are for 2015, the first year of the contract. Refer to the attached spreadsheet.

Upon review of the consultant's analysis of the bids, Township staff noted that the consultants miscalculated the mileage for Cheltenham Township for one of the bidder's sites. Staff recalculated the actual mileage from the Township Administrative Building (as required in the consultant's model) to each of the disposal sites and determined that the mileage to Waste Management's disposal site in Tulleytown, Bucks County was not 25 miles, but 33 miles. Staff also confirmed/calculated the correct mileage to each of the other three (3) disposal sites.

When comparing the total cost of the disposal service fee plus trip cost, Covanta is the lowest bidder. The consultant's incorrect analysis of the bids, utilizing incorrect mileage for Waste Management erroneously reflected Waste Management as the lowest bid. Covanta's low bid (when analyzed with the correct mileage for all bidders) is \$109,161.88 lower than the next bid over the five-year contract period. Attached is Staff's bid analysis using all correct hauling distances.

A few other things to take into account when looking at the various prices:

1. The administrative and operational costs of the Waste System Authority are not completely eliminated since the contractor must perform the same functions.
2. When the Waste System Authority was created over 20 years ago, a decision was made that the cost per ton for municipalities would be the same regardless of the point of entry into the system. The cost to utilize one of the transfer stations (Abington) is more expensive than if the waste was delivered directly to the plant in Plymouth. Accordingly, Cheltenham Township and other communities utilizing the Abington Transfer Station have been subsidized over the years.
3. Finally, the Waste System Authority has been subsidizing the price per ton over the past four (4) years from the Waste System reserves. For the past two years, the price was offset by \$12.22 per ton.

Therefore, staff recommends the Board accept Covanta's \$54 per ton service fee bid, being that is the lowest responsible bidder when, as required in the bid documents, the trip costs are added using accurate mileage and statistical information from the charts in the bid documents. Staff also recommends awarding a five-year contract to Covanta in the amount of \$3,623,703.59.

Also attached is the draft agreement of a solid waste disposal service contract which will serve as a template for the Township Solicitor and the contractor once the Board authorizes the selection of the contractor for a five-year term. This contract will need to be entered into on or before December 23, 2014.

BTH:aee
Attachments

cc: Joseph M. Bagley, Esq., Township Solicitor
Bruce Rangnow, Director of Fiscal Affairs