

Mayor and Council Communication

DATE: 05/14/24

M&C FILE NUMBER: M&C 24-0406

LOG NAME: 22ORGANIC WASTE PROCESSING SERVICES

SUBJECT

(ALL) Authorize the Execution of a Service Agreement with Five-Year Term With The LETCO Group, LLC d/b/a Living Earth for Organic Waste Processing Services in an Estimated Amount of \$825,000.00 for the First Year for the Environmental Services Department (Continued from a Previous Meeting)

RECOMMENDATION:

It is recommended that the City Council authorize the execution of a service agreement with five-year term with The LETCO Group, LLC d/b/a Living Earth for organic waste processing services in an estimated amount of \$825,000.00 for the first year and authorize two, five-year renewal options for the Environmental Services Department.

DISCUSSION:

The Environmental Services Department issued a Request for Proposal (RFP) to procure an agreement for organic waste processing services. The City of Fort Worth (City) will utilize this agreement to process acceptable organic materials into usable products, improve services, and divert specific material from the Southeast Landfill (SELF). These processing services are essential to preserving and protecting the long-term public health and safety of the City’s residents. The awarded vendor will receive and process brush and yard waste collected and delivered by the City’s residential collection service in addition to the City’s drop-off stations. The Transportation and Public Works and Park and Recreation Departments may also utilize this agreement to deliver loads of clean brush and yard waste directly to the composting facility as long as the material meets the quality standards of the current residential program.

In order to procure these services, the Environmental Services Department purchasing staff issued Request for Proposal (RFP) No. 24-0133. The RFP consisted of detailed specifications describing the project background, vendor requirements, and other requirements to perform the services. The RFP was advertised in the *Fort Worth Star-Telegram* on February 14, 2024, February 21, 2024, February 28, 2024, March 6, 2024, and March 13, 2024. Two responses were received.

An evaluation panel consisting of representatives from the Environmental Services, Diversity and Inclusion, Park and Recreation, and FWLAB Departments evaluated and scored the responses using Best Value criteria. After evaluations were concluded, the vendor with the highest score was The LETCO Group, LLC d/b/a Living Earth (Living Earth). Staff reviewed the pricing and determined it to be fair and reasonable. After evaluation, the panel concluded that The LETCO Group, LLC d/b/a Living Earth presents the best value and the necessary coverage for the City. No guarantee was made that a specific amount of services would be purchased. Staff certifies that the recommended vendor proposal meets specifications.

Evaluation Criteria:

- A) Minimum Requirements
- B) Experience and Qualifications
- C) Proposed Approach
- D) Exceptions
- E) Financial & Litigation History
- F) Cost

FUNDING: Charges will be assessed on a per-ton basis with the annual cost depending on the amount of materials delivered to be processed and with the per-ton rate in each of the first five (5) years outlined in the chart below and subject to market-based cost adjustments starting with the first 5-year renewal. The total estimated cost for the first year of organic waste processing services is \$825,000.00. The estimated value of this contract over the potential 15-year lifetime (first 5-year term and the up to two 5-year renewal periods) is \$20,825,000.00. The estimated contract amount does not constitute a not-to-exceed limit on the contract, as the unit prices paid to The LETCO Group, LLC d/b/a Living Earth are impacted annually by the cost adjustment, growth of the City, and organics contamination. Funding is budgeted in the General Oper & Maint category within the Solid Waste Fund.

Contract	Year 1	Year 2	Year 3	Year 4	Year 5	Initial 5-Year Contract Term	Average Per Year
Annual Tons	25,000	26,638	26,291	26,962	27,649	131,540	26,308

Average
Cost \$33.00 \$33.00 \$34.65 \$36.38 \$38.20 \$4,619,208.00 \$923,842.00
Per Ton

BUSINESS EQUITY: A waiver of the goal for Business Equity subcontracting requirements was requested and approved by DVIN, in accordance with the applicable Ordinance, because the purchase of goods or services is from sources where subcontracting or supplier opportunities are negligible.

AGREEMENT TERMS: Upon City Council approval, this agreement will begin upon execution and expire five years from that date (initial term). The agreement may be renewed for up to two (2) additional five (5) year terms following the expiration of the initial term.

ADMINISTRATIVE CHANGE ORDER: An administrative change order or increase may be made by the City Manager up to the amount allowed by relevant law and the Fort Worth City Code and does not require specific City Council approval as long as sufficient funds have been appropriated.

EXEMPT PROCUREMENT: The City Attorney's Office has determined that solid waste services may be exempt from competitive bidding under the provisions of Chapter 252 of the Texas Local Government Code as necessary to preserve or protect the public health or safety of the municipality's residents. Nevertheless, the City chose to voluntarily procure this agreement through the competitive process, as allowed, to ensure the City receives a fair and equitable contract.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the recommendation, funds are available in the current operating budget, as previously appropriated, in the Solid Waste Fund. Prior to an expenditure being incurred, the Environmental Services Department has the responsibility to validate the availability of funds.

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