

**City of Federal Way
Solid Waste Collection RFP Addendum #3
March 14, 2019**

Please remember to acknowledge receipt of this Addendum on the appropriate place on your Form 5, Certification.

Notices:

(1) Two additional proponent questions have been received from WM, Inc.:

Q1: Would the City consider mandating grey garbage detachable containers only for multifamily customers?

Answer: The City prefers to keep a consistent container color scheme across all collection sectors. Please propose rates based on the existing contract requirements. However, any proponent may propose contract language/specification changes, along with associated costs or savings, in Section E of their proposal.

Q2: Please clarify the treatment of expected commodity revenue in Form 2. We are confused by the sentence "This amount should NOT be included in rates." Typically, the sum of the rates in Form 2 is *net* of the expected commodity revenue retained (assuming positive commodity value). There, subtracting the initial year's commodity revenue would be a "double" reduction. Under the new methodology, does the city intend that the sum of the rates on Form 2 be "grossed up," meaning the sub of the Form 2 rates represents the total contract "revenue requirement" as if there was no commodity value?

Answer: The intention is to separate recyclable commodity value from other collection system costs, while keeping competitive pricing as vital to all aspects of the collection system (including recyclables processing and marketing). Rate proposal scoring will combine the basic rates listed on Form 2 and proposed recyclable value provided in Row 141 of Form 2 to project and score the overall ratepayer impact of each proposal. During contract finalization, the City will determine how to manage revenues from recycling (whether to pass back as a line item, remit to City, or other method) and how to provide for fair and reasonable market index adjustments to the underlying proposed recyclable market value. In summary, do NOT include commodity revenues in your rates. Doing so would place your rate proposal at a significant disadvantage. Only include recycling collection, processing and transportation costs in your rates. Your projected recycling commodity sales revenues should be proposed only in the appropriate cell in Row 141 of the Form 2.

(2) Outbound Communications and Refunds for Services Not Rendered

Due to recent weather impacts to collections and the potential for more frequent similar disruptions, the City requests proponents further develop two aspects in their proposals: communications to customers (by sector), and how refunds will be issued to customers (by circumstance).

Customer Service Communications:

In a comprehensive manner, describe how you as Contractor will establish customer-facing communications with all customers (by sector and/or line-of-business) serviced under this contract. How will Contractor obtain and maintain the necessary customer contact information to ensure appropriate information, instructions, and messages are provided to all customers – based on the context of the issue that impacts the customer. Describe how Contractor will actively seek communications preferences as part of:

- updating existing customer account information,
- initial customer set-up, as well as
- ongoing active updating of all existing customer communications preferences

Describe how the Contractor will actively engage with customers to select the manner in which the customer will be contacted for various service interruption and billing issues, including:

- weather-related service delays,
- labor contract related work stoppages,
- occasional/random missed collections and/or missed pick-ups,
- external factors that prevent access to customer containers as set out,
- initial container and welcome packet delivery, with verification of proper set-up,
- on-call or bulky waste collection services
- billing issues, etc.

Describe how customers will be incentivized to request these communications in context with the service issue (and by material stream or waste type if appropriate), selecting among:

- paper mail,
- email,
- phone call / voice mail,
- mobile text,
- mobile app, or
- any other appropriate communication opportunities

Describe how incentives would be administered, for example how a credit or other benefit would accrue to a customer that elects to use one form of communication over another (such as paying bills on-line versus via paper mail).

Refunds

The second aspect focuses on refunds being administered to customers in various situations: how will you as Contractor administer refunds in cases of missed collections, weather-related service delays (of one week in duration, two weeks in duration, and beyond two weeks in duration), potential labor contract related work stoppages, and simple changes in service (such as cancellation of services mid-billing cycle, or resizing container configurations).

The City encourages proponents to incorporate both of these topics (outbound communications and context-specific refunds to customers) into their proposal so these aspects can be assessed as part of the qualitative review.

Attachments: [none]