

**CITY OF HOBART BOARD OF PUBLIC WORKS & SAFETY
Resolution No. 2014-10**

**A Resolution Determining the Lowest Responsible and Responsive Bidder
and Awarding Contract for Disposal of Municipal Solid Waste
and Post Consumer Recyclables**

WHEREAS, the Board of Public Works and Safety (“Board”) of the City of Hobart, Indiana (“City”) is the purchasing agency for the City pursuant to §31.004(A) of the Municipal Code of the City of Hobart enacted pursuant to the authority of I.C. §5-22-4-5(a); and

WHEREAS, the Board, as the City’s purchasing agency, has all of the powers and duties authorized under laws of the State of Indiana governing purchasing under I.C. §5-22; and

WHEREAS, the City’s current solid waste disposal agreement with Republic Services of Indiana, L.P. is to expire on November 30, 2014, and the Board, by Resolution No. 2014-09 adopted on October 1, 2014, authorized and directed that a new agreement be awarded pursuant to sealed public bid as required by I.C. §36-9-30-5 under the process for public works bidding in I.C. §36-1-12-4; and

WHEREAS, the Board, by said Resolution, also approved the form of solicitation for bids and Notice to Bidders and authorized the publication of such Notice to Bidders for said contract in the manner required by law, and said Notice was duly published as required by I.C. 5-3-1 in *The Times* and *Post-Tribune*, both on October 7 and October 14, 2014; and

WHEREAS, Pursuant to said Notice, bids were due to be deposited in the Office of the City Clerk-Treasurer not later than 3:30 p.m. C.D.T. on October 29, 2014 and such bids were to be opened and read aloud and presented to the Board for award at the Board’s November 5, 2014 meeting which commenced at 4:00 p.m. C.S.T.; and

WHEREAS, two (2) bids were timely received by the Clerk-Treasurer and duly opened and read aloud and transmitted to the Board as follows (in ascending order of base bid):

<u>Bidder Name and Address</u>	<u>Per Ton Rates</u>		
	<u>Dec 1, 2014 to Nov. 30, 2016</u>	<u>Dec.1, 2016 to Nov. 30, 2017</u>	<u>Dec. 1, 2017 to Nov. 30, 2018</u>
Waste Management of Indiana, LLC 780 North Kirk Road Batavia, Illinois 60510	\$39.00	40.95	43.00
Republic Services of Indiana, Inc. d/b/a Illiana Disposal Partnership 865 Wheeler Street Crown Point, Indiana 46307	42.00	43.26	44.56

and

WHEREAS, by order of the Board at such meeting, the bids were submitted for technical review to the City Director of Public Works, John Dubach, and the City Engineer Phil Gralik, P.E. They were then forwarded to Anthony DeBonis, Jr., Hobart City Attorney, for legal review and the rendition of his official opinion as to the City's compliance with the bid process required by law and the award of the contract; and

WHEREAS, the Board has received the reports of the Director of Public Works and the City Engineer, and the opinion of the City Attorney as to the award of the contract and compliance of the City with the bid process required by law; and

WHEREAS, the Board, in evaluating said bids, is required to determine the lowest responsible and responsive bidder as required by I.C. §36-1-12-4, and must do so taking those factors into account specified in I.C. §36-1-12-4 (b)(10) and (11); and

WHEREAS, the Board, having reviewed the report and opinion noted above, desires to make its findings as to the lowest responsible and responsive bidder, to award the purchase contract to such bidder, and to spread same upon the public record.

THEREFORE, BE IT RESOLVED by the Board of Public Works and Safety of the City of Hobart, Indiana that:

A. Findings of the Board:

1. The true cost of solid waste disposal (the term "solid waste" as used throughout this resolution includes municipal solid waste and post-consumer recyclables) includes, not only the price imposed by the disposal provider and bid by the bidders as stated above, but also the City's other direct costs incurred in transporting the waste to the successful bidder's transfer station. The cost of that transportation is borne exclusively by the City, and is carried out by City employees driving City vehicles; and

2. The Board explicitly stated in its Solicitation of Competitive Bids for Solid Waste Disposal Services that "The City may take into account its increased costs to deliver refuse to a distant transfer point in awarding the contract."

3. Each bid contains information on the location of each bidder's transfer station, its distance from the City's Public Works facility, and the route to the transfer station the bidder proposes.

4. In addition, the Department of Public Works has supplied the Board with its calculation of the cost to the City of fuel, tires, employee man-hours and other costs which are likely to be incurred, as follows:

a. *Mileage:* The distance to the transfer stations of the two lowest bidders (Waste Management of Indiana, LLC, hereinafter "Waste Management") and Republic Services of Indiana, Inc. d/b/a Illiana Disposal

Partnership, hereinafter “Illiana”) are as follows: Waste Management’s Station is located at 6801 West 15th Avenue in Gary, Indiana. Its distance from the Hobart Public Works Department is at least 14.5 miles, one way, or 29 miles, roundtrip. This was confirmed by Hobart Public Works personnel driving several different routes including the route specified in Waste Management’s bid.¹

Illiana’s transfer station is located at 1525 Clay Street, Lake Station, Indiana. The distance from this station to Hobart Public Works is 6.3 miles, one way, or 12.6 miles, roundtrip.

The City transports its refuse to the transfer station using six (6) packer trucks and one (1) roll-off box truck. Four (4) of the packers make at least one load per day for trash, two (2) packers make at least one trip per day for five days every second week. The roll-off truck makes four (4) trips daily.

When multiplied by the above-stated distances, the trips by all trucks each year to Waste Management’s facility would take 67,860 miles versus 29,484 miles for Illiana’s. Use of the Waste Management facility would therefore require City of Hobart trucks to travel 38,376 miles farther.

b. *Fuel:* The City’s average fuel cost for 2014 is currently \$3.21 per gallon (as of November 4, 2014). The Hobart trucks used to haul solid waste average five (5) miles per gallon, empty. This would require 7675 gallons of additional fuel to travel to the Waste Management transfer station based on the additional miles calculated in the preceding section. Multiplied by the above-stated annual average fuel cost per gallon, the transport of waste to the Waste Management facility will result in an additional fuel cost of \$24,637.00.

c. *Time and Labor:* The time enroute from Hobart to Waste Management’s transfer station, round trip, required one hour. The time enroute to and from Illiana’s transfer station, was thirty minutes. When this is multiplied by the two member crew of each packer truck and the one-man crew on the roll-off truck for the above-stated number of trips per year to the station by the City’s vehicles, 2,080 man-hours are required to drive back and forth to the Waste Management facility versus 1,040 man-hours per year to use Illiana’s station for the trash packer trucks, 520 man-hours are required to drive back and forth to the Waste Management facility versus 260 man-hours per year to use Illiana’s station for the recycling packer trucks, and 260 man-hours are required to drive back and forth to the Waste Management facility versus 130 man-hours per year to use Illiana’s station for the roll-off truck. The total difference in man-hours is 1,430 hours more to drive to and from the Waste Management facility.

¹ Although the Public Works staff prefers a route that is actually 16.8 miles because it causes less wear and tear on the trucks (SR 51 to US Hwys 12 & 20 to Cline Avenue to 15th Avenue) the shortest route alternative driven (SR 51 to Central Avenue to 15th Avenue) was used for this analysis.

The City's hourly wage and benefit costs for the Teamsters employees who crew its trucks to the transfer station is currently \$25.00 per hour. Multiplying the 1,430 additional hours to travel to and from the Waste Management facility by the \$25.00 per hour labor cost would require \$35,750.00 in additional labor costs for the Waste Management proposal.

d. *Tires:* The Department of Public Works' seven (7) trucks used for waste hauling use two (2) sets of tires traveling to Illiana's transfer station currently. It is estimated that they will each require one (1) additional tire change if they were to be traveling regularly to the Gary station of Waste Management. Tire changes average \$1,000.00 per truck for the two (2) front tires on each truck and eight (8) rear tires on each truck at \$2,280.00 per truck. Therefore, the seven (7) additional sets of tires necessary to use Waste Management's Gary facility would amount to \$22,960.00 in additional tire expenses.

e. *Other:* There are other factors that are difficult to quantify. The long stretch of expressway driving necessary to use the Gary transfer station increases safety concerns. Use of the trucks for this longer distance can be expected to result in an increase in maintenance and depreciation costs. Again, while these factors have not been quantified, the Board finds that they also have the effect of raising the cost to the City of Waste Management's bid.

B. Determination of Low Bid:

1. Based on the first-year bid prices offered by Waste Management (\$39.00 per ton) and Illiana (\$42.50 per ton), and utilizing the total estimated tonnage for 2013 contained in the solicitation for proposals of 12,250 total tons (11,000 tons solid waste and 1,250 tons post-consumer recyclables), the expected total cost of each bid is as follows:

Waste Management	Illiana
\$ 477,750.00	520,625.00

The figures for the difference in additional fuel costs, labor costs and tires, as discussed above in part (A) must be factored in to the Waste Management bid to reach a total estimated actual cost for that bid as follows:

Fuel Cost Difference	\$	24,637.00
Labor Costs Difference		35,750.00
Tire Costs Difference		22,960.00
Total Costs Differences	\$	83,347.00

TOTAL ADJUSTED ESTIMATED COST OF WASTE MANAGEMENT BID: \$561,097.00.

2. The Board finds and concludes that the true cost of the Waste Management bid to the City of Hobart is likely to be more than forty thousand dollars higher than the cost of the Illiana bid in the first year alone. The Board also includes that the Waste Management bid will also, on a true cost basis, cost the City more in the other years of the proposed agreement as well. Accordingly, the Board concludes that the Illiana bid is the low bid.

C. Determination of Lowest Responsible and Responsive Bidder and Award

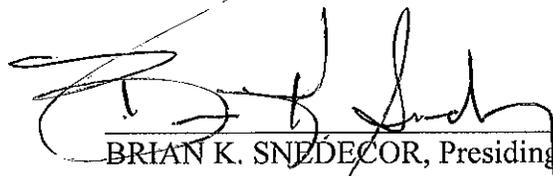
1. The Board, having found that the bid of Republic Services of Indiana, Inc. d/b/a/ Illiana Disposal Partnership (“Illiana”) is the putative low bid, now also finds, based on the advice of counsel, that Illiana’s bid conforms in all material respects to the specifications of the bid solicitation and notice to bidders, and that Illiana has complied with all applicable statutes, ordinances, resolutions, or rules pertaining to the award of a public contract of this type.

2. The Board also finds and concludes that Republic Services of Indiana, Inc. d/b/a/ Illiana Disposal Partnership has the financial means and experience to carry out the proposed contract, that it has supplied certificate of liability insurance and bid and performance bonds in the required amounts, and is otherwise qualified to assume the rights and obligations of the contract.

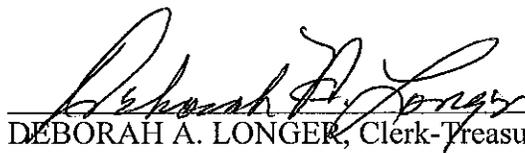
3. Based upon said findings, the Board now determines and concludes that Republic Services of Indiana, Inc. d/b/a/ Illiana Disposal Partnership of Crown Point, Indiana is the lowest responsible and responsive bidder and awards that company the solid waste disposal contract consisting of the bid documents submitted by Illiana together with and including the solicitation for bids, and notice to bidders. The City Attorney is directed to conclude the negotiation and preparation of a definitive written agreement with Illiana for presentation to and approval by the Board within thirty days from the date hereof.

4. The Clerk-Treasurer is requested to notify all bidders of the Board’s action, to return the bid bonds or other bid security posted by the unsuccessful bidder, and to thank them for their participation in the bid process.

ALL OF WHICH is adopted as the Resolution of the Board of Public Works and Safety of the City of Hobart, Indiana on this 5th day of November, 2014.


BRIAN K. SNEDECOR, Presiding Officer

ATTEST:


DEBORAH A. LONGEK, Clerk-Treasurer