



GAIL FARBER, Director

# COUNTY OF LOS ANGELES

## DEPARTMENT OF PUBLIC WORKS

*"To Enrich Lives Through Effective and Caring Service"*

900 SOUTH FREMONT AVENUE  
ALHAMBRA, CALIFORNIA 91803-1331  
Telephone: (626) 458-5100  
<http://dpw.lacounty.gov>

ADDRESS ALL CORRESPONDENCE TO:  
P.O. BOX 1460  
ALHAMBRA, CALIFORNIA 91802-1460

IN REPLY PLEASE  
REFER TO FILE: **AS-0**

December 1, 2009

### **INVITATION FOR BIDS – ADDENDUM 3 FIRESTONE GARBAGE DISPOSAL DISTRICT (2009-GDD041) ATHENS/WOODCREST/OLIVITA GARBAGE DISPOSAL DISTRICT (2009-GDD043) WALNUT PARK GARBAGE DISPOSAL DISTRICT (2009-GDD044)**

Please take note of the following revisions that have been addressed regarding the Invitation for Bids (IFB). The questions outlined in the Questions/Responses section of this Addendum 3 represent the questions asked by Bidders in response to Addendum 2. Please note that some questions have been paraphrased for interpretation and clarity purposes.

The deadline to submit bids is **Monday, December 7, 2009, at 5:30 p.m.**

#### **REVISIONS TO PART II OF THE IFB:**

1. Please note that Enclosure 3 from Addendum 2 (Exhibit A.1, Section 2, Method of Payment – Task 1, Item B, Petition to Adjust Monthly Unit Rate and Exhibit A.2, Section 2, Method of Payment – Task 2, Item C, Petition to Adjust Monthly Rate) is no longer valid.

Please refer to Enclosure 1 of this Addendum 3, which outlines the most recently revised language for Exhibit A.1 and Exhibit A.2, Section 2, Method of Payment, Petition to Adjust Monthly/Unit Rates for Tasks 1 and 2 for all the IFB's.

#### **QUESTIONS/RESPONSES:**

2. **Question:** Were the bulky tons provided in Addendum 2 included in the total Refuse tons shown on Exhibit L?

**Response:** Yes. The tonnages of curbside bulky items provided in Addendum 2, Enclosure 1, Response No. 5, were included in the Refuse Category tons shown on Exhibit L, for the respective Garbage Disposal Districts (GDDs).

3. **Question:** Since there were no alley tons indicated, are bidders responsible for the quantities?

**Response:** That's correct. Accurate disposal quantities from the alleys in the GDD's are not available at this time. As shown on Form PW-2, Task 2, Item 2A – Alleys, this bid item is based on the miles of alleys served. Bidders are encouraged to visit the sites to gauge the magnitude of the work involved.

4. **Question:** At bidder's conference on November 10, 2009, the County offered to provide annual disposal numbers for both curbside bulky items and for removal of discarded materials from alleys. Information was provided in Addendum 2 for curbside bulky items but not for discarded materials removed from alleys.

**Response:** Accurate disposal quantities from the alleys in the GDD's are not available at this time. As shown on Form PW-2, Task 2, Item 2A – Alleys, this bid item is based on the miles of alleys served. Bidders are encouraged to visit the sites to gauge the magnitude of the work involved.

5. **Question:** Bidder request that County remove language at bottom page 4 continuing on page 5 of ENCLOSURE 3, which limits adjustments to Initial Monthly Unit Rate to 30% over initial seven year period of contract or 32%, 34% and 36% at the first, second, and third option years, respectively.

**Response:** The following paragraphs within Enclosure 1 of this Addendum 3, Exhibit A.1, Section 2, Method of Payment – Task 1, Item B, Petition to Adjust Monthly Unit Rate; and Exhibit A.2, Section 2, Method of Payment – Task 2, Item C, Petition to Adjust Monthly Rate, shall remain unchanged:

*"Any adjustments to the Initial Monthly Unit Rate pursuant to those paragraphs entitled "Petition for Rate Adjustment" shall not exceed the following maximum percentages:*

- *30% over the initial 7-year period of the contract, or*
- *32%, 34%, and 36% at the first, second, and third option years, respectively, if applicable."*

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6. **Question:** ENCLOSURE 3 PAGE 4 - SECTION 4. Language is not consistent between 32%, 34%, and 36% for option years at bottom of page 4 and limit of 32% at top of page 5, last sentence in first paragraph.

**Response:** The maximum percentages are consistent, as indicated in Enclosure 1 of this Addendum 3, Exhibit A.1, Section 2, Method of Payment Task 1, Item B, Petition to Adjust Monthly Unit Rate; and Exhibit A.2, Section 2, Method of Payment – Task 2, Item C, Petition to Adjust Monthly Rate.

7. **Question:** ENCLOSURE 3 Adjustment Due to Change in DOE CNG, page 2 and page 6 Sample Calculation of Adjusted Monthly Unit Rate. Language on page 2 describes changes between April 1 of previous year and March 31 of current year (a 12-month period) and four-quarter period commencing in April of next previous year and ending in January of previous year. Does the County mean a quarter beginning January 1 and ending March 31? This would constitute a four-quarter period. In addition, the example on page 6 includes only three quarters in its comparison calculation and not four quarters as described in language on page 2. Please clarify.

**Response:** Please refer to Enclosure 1 of this Addendum 3, which supersedes Enclosure 3 of Addendum 2, in its entirety. Incorporated into Enclosure 1 of this Addendum 3 are corrections pertaining to Item 2a. – Adjustment Due to Change in DOE CNG as well as related portions within the Sample Calculation.

8. **Question:** Given the significance of the above questions and related impact of on development of numbers for eventual submission of bid, bidder request an extension of deadline to at least December 15, 2009. More time may be needed depending on receipt of answers from County.

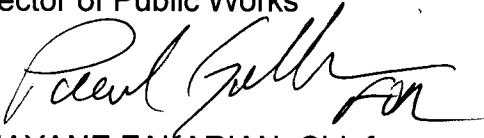
**Response:** The deadline to submit bids will remain unchanged as **Monday, December 7, 2009, at 5:30 p.m.**

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If you have questions concerning the above information, please contact Ms. Jeanette Arismendez at (626) 458-4050 or Mr. Benjamin Sandoval at (626) 458-7334, Monday through Thursday, 7 a.m. to 5:45 p.m.

Very truly yours,

GAIL FARBER  
Director of Public Works

A handwritten signature in black ink, appearing to read "Paul Guller", with a stylized flourish at the end.

GHAYANE ZAKARIAN, Chief  
Administrative Services Division

JA

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Enc.

**EXHIBIT A.1, SECTION 2, METHOD OF PAYMENT, TASK 1, ITEM B, PETITION TO  
ADJUST MONTHLY UNIT RATE**

**AND**

**EXHIBIT A.2, SECTION 2, METHOD OF PAYMENT, TASK 2, ITEM C, PETITION TO  
ADJUST MONTHLY UNIT RATE**

Petition to Adjust Monthly Unit Rate

Beginning April 15 of the second contract year and thereafter by April 15 of each year throughout the term of the contract, Contractor may submit a petition to the Director/Designee to adjust the Monthly Unit Rate. At the sole discretion of the Director/Designee, any new Monthly Unit Rates may be approved by the Director/Designee as provided herein as early as the following July 1 of each year.

**"Weighted Rate Adjustment Percentage"** means sum of the adjustments due to changes in the CPI, DOE CNG, EIA LNG, and DOE Diesel and disposal tipping fees calculated as provided in this Section.

The Weighted Rate Adjustment Percentage multiplied by the prior Monthly Unit Rate is added to the prior Monthly Unit Rate to yield the Adjusted Monthly Unit Rate.

**1. Adjustment Due to Change in CPI (Service Component)**

The Monthly Unit Rate set forth in Form PW-2 (Schedule of Prices) may be adjusted by 75 percent of the percent change, if any, between the following:

- the CPI during the 12-month period commencing April 1 of the previous year to March 31 of the current year, and
- the CPI during the 12-month period commencing April 1 of the next previous year to March 31 of the previous year,

no greater than 5 percent, as confirmed by COUNTY'S Auditor-Controller.

**"CPI"** means the Consumer Price Index for all Urban Consumers (Los Angeles-Riverside-Orange County) (Not Seasonally Adjusted) All items, Series ID CWURA421SA0, Base Period 1982-84=100, published by the United States Department of Labor, Bureau of Labor Statistics at <http://data.bls.gov/cgi-bin/surveymost/cu>

**"Service Component"** means 65 percent of the Monthly Unit Rate.

However, any percentage increase shall not exceed the general salary movement granted to COUNTY employees as determined by the COUNTY'S Chief Administrative Office (CAO) as of July 1 for the prior 12-month period. Furthermore, should fiscal circumstances ultimately prevent the Board from approving any increase in COUNTY employee salaries, no cost-of-living adjustment will be granted.

**2. Adjustment Due to Change in DOE CNG, EIA LNG or DOE Diesel (Fuel Component)**

- The DOE CNG rate adjustment will apply only to the percentage of vehicles in a fleet used to provide collection under this Contract that use compressed natural gas.
- The EIA LNG rate adjustment will apply only to the percentage of vehicles in a fleet used to provide collection under this Contract that use liquefied natural gas.
- The DOE Diesel rate adjustment will apply only to the percentage of vehicles in a fleet used to provide collection under this Contract that use diesel.

**a. Adjustment Due to Change in DOE CNG (DOE CNG Component)**

The DOE CNG Component will be adjusted by the percent change, if any, between the following:

- the DOE CNG commencing April 1 of the previous year to March 31 of the current year , and
- the DOE CNG published during the four quarter-period commencing April 1 of the next previous year and ending March 31 of the previous year

as confirmed by COUNTY'S Auditor-Controller.

**"DOE CNG"** means the Nationwide Average Price for Fuel - Compressed Natural Gas Average Prices by Region from Clean Cities Sources, published quarterly in Energy Efficiency and Renewable Energy / Clean Cities Alternative Fuel Price Report from the United States Department of Energy website, [http://www.eere.energy.gov/afdc/price\\_report.html](http://www.eere.energy.gov/afdc/price_report.html) or if that is

permanently discontinued, another CNG price published by a state or the federal government selected by the Director.

**"DOE CNG Component"** means 5 percent of the Monthly Unit Rate multiplied by the percentage of vehicles that use compressed natural gas.

b. **Adjustment Due to Change in Energy Information Administration (EIA) LNG (EIA LNG Component)**

The EIA LNG Component will be adjusted by the percent change, if any, between the following:

- the EIA LNG commencing April 1 of the previous year to March 31 of the current year , and
- the EIA LNG published during the four quarter-period commencing in April of the next previous year and ending in January of the previous year

as confirmed by COUNTY'S Auditor-Controller.

**"EIA LNG"** means the average for fuel – Product / All Types for Area / California (Period: Annual) price published monthly in the Official Energy Statistics from the United States Energy Information Administration website,  
[http://tonto.eia.doe.gov/dnav/ng/ng\\_pri\\_sum\\_dcu\\_SCA\\_m.htm](http://tonto.eia.doe.gov/dnav/ng/ng_pri_sum_dcu_SCA_m.htm), or if that is permanently discontinued, another LNG price published by a state or the federal government selected by the Director.

**"EIA LNG Component"** means 5 percent of the Monthly Unit Rate multiplied by the percentage of vehicles that use liquid natural gas.

c. **Adjustment Due to Change in DOE Diesel (DOE Diesel Component)**

The Diesel Fuel Component will be adjusted by the percent change, if any, between the following:

- the DOE Diesel during the 12-month period commencing April 1 of the previous year to March 31 of the current year, and

- the DOE Diesel during the 12-month period commencing April 1 of the next previous year to March 31 of the previous year,

**"DOE Diesel"** means the Diesel (On Highway) – Product/All Types for Area/California (Period: Annual) price published monthly in the Official Energy Statistics from the United States Department of Energy website, [http://tonto.eia.doe.gov/dnav/pet/pet\\_pri\\_gnd\\_dcus\\_sca\\_m.htm](http://tonto.eia.doe.gov/dnav/pet/pet_pri_gnd_dcus_sca_m.htm), or if that is permanently discontinued, Producers Price Index – Commodities Fuels and related products and power / No.2 diesel fuel Series Id: WPU057303 published by the United States Bureau of Labor Statistics at <http://data.bls.gov/cgi-bin/surveymost>

**"DOE Diesel Component"** means 5 percent of the Monthly Unit Rate multiplied by the percentage of vehicles that use diesel.

**3. Adjustment for Changes in Facility/Tipping Fees (Disposal Component)**

30 percent of the Monthly Unit Rate may be adjusted by the any change in tipping fees charged to the Contractor by the solid waste facility designated by the Contractor during the period beginning April 1 of the prior year and ending on March 31 of the current contract year. Contractor must substantiate the change in cost for Refuse disposal to the satisfaction of the Director/Designee. Documentation may include disposal site receipts, driver route schedules, vehicle numbers, summary sheets of monthly disposal costs, posted gate rates, and detailed comparisons of current and previous disposal fees. Contractor shall also provide an explanation for use of any alternate disposal sites.

In the event the Contractor is/or affiliated with the owner and/or operator of the designated solid waste facility by which the contractor is charged the tipping fee for the management of solid waste collected within the District, Contractor shall describe the circumstances under which the Contractor's request for an adjustment of the Monthly Unit Rate should be considered, for approval by the Director Designee.

**4. Change in Contractor's cost of providing services due to changes in law or changes in services or standards as agreed between the Contractor and Director/Designee.**

Any adjustments to the Initial Monthly Unit Rate pursuant to those paragraphs entitled "Petition for Rate Adjustment" shall not exceed the following maximum percentages:

- 30% over the initial seven year period of the contract, or
- 32%, 34%, and 36% at the first, second, and third option years, respectively, if applicable.

For example, the Initial Monthly Unit Rate may be adjusted up to 30% during the seven year period beginning the service commencement date on July 1, 2010, and ending June 30, 2017. In the event that the termination date of the Contract is extended to June 30, 2018, any adjustment to the Initial Monthly Unit Rate shall not exceed 32%.

If a price or index is temporarily discontinued on the date of adjustment, the last available price or index for the required period of time will be used.

The Director/Designee will, within 50 working days of receipt of Contractor's petition and detailed schedule, perform a review to substantiate the increase(s). At that time, the Director will determine, at the Director's sole discretion, whether Contractor has substantiated its petition for increase, and an adjustment may be made to the annual rate to compensate Contractor for the increase(s). Such adjustment shall only be made to the extent funds are available. The Director/Designee may request the assistance of the Auditor-Controller in making an adjustment for which a petition and documentation has been received.

Monthly Unit Rates will be adjusted only if there are no breaches that have not been cured after notice from the Director/Designee and no defaults. Rates will not otherwise be adjusted, for events such as changes in the price of fuel or increases in Disposal tipping fees other than as described in the preceding items 1 through 3, of this subsection. If Contractor and Director/Designee fail to reach agreement to adjust the monthly unit rate as a result of changes in law or changes in services described in contract documentation, County has the option to terminate this Contract.

## **5. Sample Calculation of Adjusted Monthly Unit Rate**

**Table 1 – Adjustment Due to Change in CPI (Service Component)**

Calculate the percent change in CPI (12-month average; not month-to-month)	April 1, 2006-March 31, 2007	221.64
	April 1, 2007-March 31, 2008	228.59
	Percent Change	3.14% (not more than 5% and not more than County salary movement)
Adjustment to <b>Service Component</b>	75% of percent change in CPI	<b>2.35%</b>

**Table 2a – Adjustment Due to Change in DOE CNG (DOE CNG Component)**

Calculate the percent change in DOE CNG (average of quarters in year may vary; not quarter-to-quarter)	April, July and October 2006 quarters, and January 2007 quarter	$(2.05+2.30+1.99+2.06)/4=8.40/4=2.10$
	April, July and October 2007 quarters, and January 2008 quarter	$(2.09+2.29+2.33+2.44)/4=9.15/4=2.29$
	Percent Change	$(2.29-2.10)/2.10=0.19/2.10=0.0905$ 9.05%
<b>Adjustment to DOE CNG Component</b>	For 3 out of 10 vehicles* 30% of percent change in DOE CNG	$0.30 \times 9.05\%=2.72\%$

**Table 2b - Adjustment Due to Change in EIA LNG (EIA LNG Component)**

Calculate the percent change in EIA LNG (12-month average; not month-to-month)	April 1, 2006 - March 31, 2007	121.63
	April 1, 2007 - March 31, 2008	153.01
	Percent Change	2.58% (not more than 5%)
<b>Adjustment to EIA LNG Component</b>	For no vehicles* using EIA LNG 0% of percent change in EIA LNG	$0.00 \times 2.58\%=0\%$

**Table 2c – Adjustment Due to Change in DOE Diesel (DOE Diesel Component)**

Calculate the percent change in DOE Diesel (12-month average; not month-to-month)	April 1, 2006 - March 31, 2007	271.66
	April 1, 2007 - March 31, 2008	317.55
	Percent Change	16.89%
<b>Adjustment to DOE Diesel Component</b>	For 7 out of 10 vehicles* 70% of percent change in DOE Diesel	<b>11.82 %</b>

\*In the example used in Tables 2a, 2b and 2c, the Contractor owns a total of 10 vehicles of which 3 vehicles use compressed natural gas, 7 vehicles use diesel, and there are no vehicles that use liquid natural gas. Indices used in Tables 2a, 2b, and 2c, are for sample calculation purposes.

**Table 3 – Adjustment Due to Change in Facility/Tipping Fees (Disposal Component)**

Disposal tipping fee charges on April 1, 2007	\$24.00
Disposal tipping fee charges on March 31, 2008	\$35.00
Percent change; Adjustment to <b>Disposal Component</b>	<b>45.83%</b>

**Table 4 – Weighted Rate Adjustment Percentage**

<b>Rate Adjustment Components</b>	<b>Percent of Monthly Unit Rate</b>	<b>Adjustments to Components</b>	<b>Weighted Rate Adjustment Percentage</b>
Service Component (CPI)	65%	2.35%	1.53%
Fuel Component: DOE CNG Component EIA LNG Component DOE Diesel Component	5%	2.72% 0% 11.82%	0.14% 0.59%
Disposal Component	30%	45.83%	13.75%
<b>Total Weighted Rate Adjustment Percentage</b>			<b>16.01%</b>

**Adjusted Monthly Unit Rate**

If the total Weighted Rate Adjustment Percentage is 16.01% then a hypothetical Monthly Unit Rate of \$17.00 would be adjusted as follows:

$$\begin{aligned}
 \text{Adjusted Monthly Unit Rate} &= \$17.00 + [16.01\% \times \$17.00] \\
 &= \$17.00 + \$2.72 \\
 &= \mathbf{\$19.72}
 \end{aligned}$$