



**A Public Agency**

**Request for Proposals  
For  
Financial Systems Audit of 2014 Collection Services and  
Facility Operations Contractors Project**

*Issued: January 28, 2015*

*Proposals Due: February 27, 2015*

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The South Bayside Waste Management Authority (SBWMA or RethinkWaste) is a public agency committed to environmental leadership in sustainable materials management practices to support livable communities.

Through issuance of this Request for Proposals (RFP), RethinkWaste is soliciting a proposal from qualified firms (herein “Proposers”) interested in conducting the Financial Systems Audit of Collection Services and Facility Operations Contractors Project for 2014.

Please note that submittals to RethinkWaste will be considered public records and made available for public review upon request after conclusion of this RFP process. Please refer to Section 3 for the specific scope of work.

<b>RFQ Process Timeline</b>	
<u>ITEM</u>	<u>DATE</u>
RFP Released	January 28, 2015
Deadline for Submitting Questions to RethinkWaste	February 9, 2015
Deadline for Submitting Proposal by Email to: Marshall Moran, Recycling Programs Manager email: <a href="mailto:mmoran@rethinkwaste.org">mmoran@rethinkwaste.org</a> , phone: 650-802-3504	February 27, 2015 3:00 pm
Optional Interviews	March 2 – 6, 2015
Contract Negotiations	March 6 – 13, 2015
RethinkWaste Report Recommendation Issued to Board of Directors	March 19, 2015
Board Consideration of Contract Award (if needed)	March 26, 2015
Project Schedule	April 1 – May 15, 2015

**1. BACKGROUND**

RethinkWaste is a joint powers authority of twelve public agencies (Atherton, Belmont, Burlingame, East Palo Alto, Foster City, Hillsborough, Menlo Park, Redwood City, San Carlos, San Mateo, the County of San Mateo and the West Bay Sanitary District) in San Mateo County, California and is a leader in the delivery of innovative waste reduction and recycling programs. RethinkWaste owns and manages the Shoreway Environmental Center which receives all of the recyclables, organics, and garbage collected in its service area. RethinkWaste also provides strategic oversight, support and management of service providers that collect, process, recycle and dispose of materials for the 12 Member Agencies. RethinkWaste, also known as the South Bayside Waste Management Authority was formed in 1982.

RethinkWaste’s mission is to cost effectively design, implement and manage innovative waste reduction and recycling programs and facility infrastructure that fulfills our fiduciary responsibilities to our Member Agencies while achieving community environmental and economic goals.

## **2. INTRODUCTION**

RethinkWaste is charged with a variety of responsibilities regarding developing and implementing diversion programs and policies for its Member Agencies. In addition, RethinkWaste provides Franchise Agreement administrative and programmatic assistance to its Member Agencies and also manages the Shoreway Environmental Center Operating Agreement.

The twelve RethinkWaste Member Agencies have exclusive Franchise Agreements with Recology San Mateo County (Recology) for the collection of solid waste, recyclable materials and organic materials. Recology provides collection services to approximately 93,000 households and 9,000 businesses in the RethinkWaste service area. The company also provides a variety of collection related services.

The core residential collection services provided by Recology include weekly, cart-based collection of garbage, single-stream recycling and compost (including food scraps), batteries/cell phones, used motor oil and used oil filters, and twice a year bulky items collection. The commercial and multi-family sectors are provided similar services based on customer subscriptions including recycling (no additional cost to the customer) and compost service (additional cost to the customer). All of the materials collected by Recology are delivered to the RethinkWaste owned, Shoreway Environmental Center in San Carlos. This facility is operated by South Bay Recycling under contract with RethinkWaste.

Proposals are being sought from firms interested in conducting an audit, as described in the scope of work in Section 3 below.

## **3. SCOPE OF WORK**

There are two distinct contracts, personnel, reporting issues, systems and sources of data, and physical offices in San Carlos (i.e., Recology and SBR) that need to be audited. The SBR annual report is due by February 1, 2014 . The Recology 2014 Revenue Reconciliation Report is due by March 31, 2015. The exact timing of the tasks will be coordinated by the auditor with the cooperation of the two contractors. The project is expected to be completed by May 15, 2015 or earlier including periodic updates of the status and findings to the SBWMA. Any non-cooperation by either contractor should be promptly reported to staff.

Recology submits a Revenue Reconciliation report by Member Agency that identifies the net revenue retained by Recology compared to the amount owed to Recology by Member Agency. SBR reports and pays monthly to the SBWMA all commodity revenue and all public gate revenue.

Therefore, on behalf of our twelve Member Agencies, the SBWMA is seeking an independent party to confirm the legitimacy and accuracy of the information provided by both companies. This audit does NOT include a review of the annual compensation adjustment process for either company.

The following is the scope of work for the Financial Systems 2014 Audit of Collection Services and Facility Operations Contractors Project. Please provide a proposal reflecting this scope of work as described below in section 6.

The following services are requested:

### **A. Collection Services Contractor: Recology San Mateo County**

#### **1) Annual Revenue Reconciliation for 2014**

- a. Confirm that the amount of residential and commercial revenue reported as billed by agency for calendar year 2014 ties to the accounting records including unbilled and deferred revenue adjustments.
  - b. Verify that the annual amounts reported in the Revenue Reconciliation and the calculations used to derive these amounts are properly reported for **each agency**:
    1. Billed Revenue
    2. Collection Expense
    3. Agency Fees
    4. Confirm that the Agency Fees are properly calculated (and paid) for each Agency
    5. Disposal expense and tonnage data
  - c. Verify the calculation of net revenue retained by Recology (i.e., gross revenue billed, as adjusted per #A.1, less agency fees paid less disposal expense paid equals net revenue) in total and by agency.
  - d. Compare all the numbers in the 2014 Revenue Reconciliation to the 2014 Annual Report and explain any variances.
  - f. Review and validate all adjustments in the Revenue Reconciliation. Explain all adjustments if Recology's explanation in the report needs further clarification.
  - g. Review and perform tests to verify that the rates billed to residential and commercial customers tie to approved rate schedules for each agency.
  - h. Verify that the net surplus or shortfall balance owed to/from Recology by agency is accurate.
  - i. Verify the Contractor's Compensation ties to their approved compensation by agency.
  - j. Explain all unusual adjustments in the Revenue Reconciliation.
- 2) **Revenue Reconciliation: Revenue Billed to Customers for Attachment Q – Unscheduled Services**
- a. Confirm the amount of Attachment Q revenue reported as billed by Agency ties to the accounting records for each different type of charge.
  - b. Explain how the additional cart fees charged by some agencies (Atherton, Hillsborough, and County) are reported in the revenue and excluded from cost (these sur-charges have no corresponding cost).
  - c. Verify that the credit for the first 20% of residential backyard service customers is accurately reported
  - d. Report any issues or concerns on how Attachment Q services are calculated and reported by Recology for both the revenue calculation and the cost calculation. Explain how each is separately reported.

**NOTE:**

1. Tonnage data is verified in the separate Annual Report/Operations audit for RSMC and SBR.

**B. Facility Operations Contractor: South Bay Recycling (SBR)**

- 1) Verify that the 2014 public revenue transferred monthly to the SBWMA ties to the accounting records.
- 2) Verify that the gross 2014 commodity revenue as reported on their December monthly report ties to the accounting records. Do not verify the allocated amount attributed to the SBWMA as this is done by the SBWMA.
- 3) Review the calculations used by SBR to calculate and pay CRV Value to the SBWMA are accurate and that these funds tie to the amount transferred to the SBWMA. Verify that SBR is correctly using the actual state paid CRV rates in their CRV payment to the SBWMA. **Note: Many changes in CRV calculations have been made during the year. Use the final approved calculation and compare this to what was paid by state to try to verify accuracy.**
- 4) Verify that payment to SEC Buyback Center customers by SBR and reimbursed by the SBWMA tie to accounting records.
- 5) Review the procedures at the scale house to help ensure all public revenue is being properly accounted for and franchised volume is being properly recorded. Review documented procedures, verify that procedures are being followed, review training of scale house personnel, measurement of public loads, security measures, etc. Note any deviation and request explanation and/or quantify impact on reporting. Review the procedures on validating and making changes to tare weights. Monitor the scale house activities to verify the scale house is being operated in accordance with the contract with SBWMA, as it relates to the data reported in SBR's monthly, quarterly, and annual reports. Propose any recommended changes to their procedures.
- 7) - Test Weight Tickets. Select enough weight tickets and measured public tickets to verify the stated procedures are being followed. Such testing shall include: verifying the collection route stated on the weight ticket ties to the information from Recology's daily dispatch log; verifying the type of material listed on the weight ticket ties to the information from Recology's daily dispatch log which will state the assigned route and material type (i.e., is the assigned vehicle collecting solid waste, recyclable materials, or organic materials).

**4. REFERENCES**

The following are the links to the Franchise Agreement Agreement with Recology, the Operating Agreement with SBR:

*Recology Franchise Agreement(s) and Reports:*  
<http://rethinkwaste.org/about/service-providers/recology>

The Facility Operations Agreement between RethinkWaste and SBR is available at the following link to our website:  
*SBR Operating Agreement and Reports:*  
<http://rethinkwaste.org/about/service-providers/south-bay-recycling>

## 5. DESIRED QUALIFICATIONS

Each proposal should include a brief (one-page) description of the qualifications and experience of Proposers with regard to performing similar projects/programs as set forth in Section 3 above.

Proposers are encouraged to concisely and thoroughly explain their relevant professional and technical background, and provide the details of any related experience. **Any experience with similar projects for public agencies similar to the Member Agencies of RethinkWaste or the JPA itself should be noted.**

## 6. PROCEDURE FOR SUBMITTING QUESTIONS AND INQUIRIES

All questions/inquiries must be directed to Marshall Moran in writing via email at [mmoran@rethinkwaste.org](mailto:mmoran@rethinkwaste.org) by **February 9, 2015** at 3:00 pm. RethinkWaste will provide a written response to all questions in the form of an Addendum to this RFP, if necessary. Please include both a PDF version and the source file (e.g., Word document) of all documents submitted.

## 7. PROPOSAL REQUIREMENTS

7.1 Proposers must respond to this RFP by submitting a Proposal **in electronic format via email only** no later than **February 27, 2015** at 3:00 pm in order for submittals to be considered. Proposals must be sent to Marshall Moran at [mmoran@rethinkwaste.org](mailto:mmoran@rethinkwaste.org), clearly labeled "**Response to RFP**" in the email subject line.

### 7.2 PROPOSAL CONTENTS

The Proposal should be concise and responsive. The length of the Proposal is limited to the guidelines explained below.

#### 7.2.1 Cover Letter

A maximum of two (2) pages for a cover letter is allowed. A cover letter must be provided and should describe your firm, its history, the number of years in business and an explanation of your firm's desirable qualifications and related past experience.

The individual authorized to contractually bind the firm should sign the cover letter. Resumes for the proposed team and sub-consultants, if any, should be provided as an appendix.

#### 7.2.2 Description of Qualifications

A maximum of two (2) pages are allowed to describe the qualifications, expertise and prior specific related experience. RethinkWaste prefers that Proposers explain their specific and unique qualifications related to the scope of work and that a more general description of qualifications and experience be only included in the cover letter explained in section 7.2.1.

Firms are encouraged to provide examples of similar projects/programs they have worked on, the scope of work, timing, cost, references and list of the role of the various staff that conducted the work.

#### 7.2.3 Proposal

A maximum of four (4) pages are allowed to describe the methodology, tasks and specific approach to ensure the work specified in Section 3 is completed.

#### 7.2.4 List of Staff and Hourly Rates

A one (1) page list of all staff and sub-consultants associated with the Proposer and their respective hourly rates is allowed. Other overhead costs or charges typically used for similar projects/programs must be clearly delineated.

### **7.2.5 Cost Proposal**

A one (1) page table presenting the cost proposal is required. The cost proposal must include a detailed budget by task, denoting the staff assigned to each specific item and the amount of time (and cost) budgeted for each task. The list of all staff and sub-consultants associated with the Proposer and their respective hourly rates is required. In addition, all overhead costs or other charges and proposed contingency must be included.

The cost proposal must include the proposed dollar amount per day of liquidated damages that will be paid by Proposer if the preliminary and final reports are submitted late. The liquidated damages will not be applied if the delays are caused to RethinkWaste. RethinkWaste shall be kept apprised of any potential delays (e.g., not getting information in a reasonably timely manner from the contractors) and provided an opportunity to ensure these delays are overcome.

### **7.2.6 Implementation Schedule**

A one (1) page table presenting an implementation schedule is required. This schedule should denote the expectations of RethinkWaste to keep the project on track. Include the frequency and process to communicate to the SBWMA on progress of the audit.

### **7.2.7 Attachment A – PROPOSAL CERTIFICATION**

The contents of this attachment are provided below.

### **7.2.8 Attachment B – REFERENCE FORM**

The contents of this attachment are provided below.

### **7.2.9 Additional Attachments**

Proposers are encouraged to include pertinent examples of similar projects/programs they have worked on and any deliverables such as audit results, final reports, staff reports, powerpoint presentations, etc.

**Attachment A: Qualifications Certification**

FIRM NAME:
ADDRESS:
TELEPHONE #:
FAX #:
CONTACT NAME AND TITLE:

**PROPOSER REPRESENTATIONS**

1. Proposer additionally certifies that neither Proposer nor its principals are presently disbarred, suspended, proposed for disbarment, declared ineligible or voluntarily excluded from participation in this transaction by any federal department or agency, any California State agency, or any local governmental agency.
2. Proposer did not receive unauthorized information from any RethinkWaste staff member during the RFP response period except as provided for in the RFP package or through formal addenda issued by RethinkWaste.
3. Proposer hereby certifies that the information contained in the Proposal and all accompanying documentation is true and correct.
4. Please check the appropriate box below:
  - If an individual submits the Proposal, he or she shall sign it, and if he or she is doing business under a fictitious name, the Proposal shall so state.
  - If the Proposal is submitted by a partnership, the full names and addresses of all members and the address of the partnership shall be stated and the Proposal shall be signed for all members by one or more members thereof.
  - If a corporation submits the Proposal, an authorized officer or officers shall sign it in the corporate name.
  - If a limited liability company submits the Proposal, an authorized officer or officers shall sign it in the corporate name.
  - If the Proposal is signed by a joint venture, the full names and addresses of all members of the joint venture shall be stated and each individual shall sign it.



**Attachment A – Qualifications Certification (continued)**

By signing below, the submission of Proposal with all accompanying documents shall be deemed a representation and certification by the Proposer that they have investigated all aspects of the RFP, that they are aware of the applicable facts pertaining to the RFP process, its procedures and requirements, and that they have read and understand the RFP.

Authorized Representative Name: (Sign name)
Authorized Representative Name: (Print name)
Authorized Representative Title: (Print title)
Complete additional signatures below as required.
Authorized Representative Name: (Sign name)
Authorized Representative Name: (Print name)
Authorized Representative Title: (Print title)
Authorized Representative Name: (Sign name)
Authorized Representative Name: (Print name)
Authorized Representative Title: (Print title)

**Attachment B: Reference Form**

Please specify any public agencies and solid waste/recycling collection services or facility operations companies that you have worked with or for in the past ten (10) years. In addition, please provide references for each listed. Copy this form as appropriate.

**Previous Client Reference Worksheet**

Name of Agency/Company	
Address	

Contact Name(s), Address, Phone Number(s) and Email	
Brief description of work performed for this client (use additional sheets if necessary):	