



POLK COUNTY COMMISSIONERS COURT

JANUARY 18, 2001

Polk County Courthouse, 3rd floor

9:00 A.M.

2001-003

Livingston, Texas

NOTICE

is hereby given that a quorum of the Polk County Commissioners Court will be meeting with the Solid Waste Bid Review Committee on the date stated above, at which time the following subjects will be discussed;

Agenda topics

- 1. REVIEW BIDS RECEIVED FOR SALE AND/OR CONTRACT OPERATIONS OF POLK COUNTY SOLID WASTE FACILITIES.

ADJOURN

Posted: January 12, 2001

Commissioners Court of Polk County, Texas
By: John P. Thompson, County Judge

I, the undersigned County Clerk, do hereby certify that the above Notice of Meeting of the Polk County Commissioners Court is a true and correct copy of said Notice and that I posted a true and correct copy of said Notice in the Polk County Courthouse at a place readily accessible to the general public at all times on Friday, January 12, 2001 and that said Notice remained so posted continuously for at least 72 hours preceding the scheduled time of said Meeting.

BARBARA MIDDLETON, COUNTY CLERK

BY Deputy

FILED AND RECORDED
 OFFICIAL PUBLIC RECORDS
 2001 JAN 12 AM 8:47
 BARBARA MIDDLETON
 COUNTY CLERK

STATE OF TEXAS)

DATE: JANUARY 18, 2001

COUNTY OF POLK)

"SPECIAL" CALLED MEETING
Commissioner Hubert - Absent

**COMMISSIONERS COURT #2001-03
SOLID WASTE REVIEW COMMITTEE**

BE IT REMEMBERED ON THIS THE 18th DAY OF JANUARY, 2001
THE HONORABLE COMMISSIONERS COURT MET IN "SPECIAL" CALLED
MEETING WITH THE FOLLOWING OFFICERS AND MEMBERS PRESENT, TO WIT:

JUDGE JOHN P. THOMPSON, PRESIDING.

BOB WILLIS - COUNTY COMMISSIONER PCT#1, BOBBY SMITH - COUNTY
COMMISSIONER PCT #2, JAMES J. "Buddy" PURVIS - COUNTY COMMISSIONER
PCT #3, BARBARA MIDDLETON - COUNTY CLERK & BILL LAW - COUNTY
AUDITOR, THE FOLLOWING AGENDA ITEMS, ORDERS, AND DECREES WERE
DULY MADE, CONSIDERED & PASSED.

1. JUDGE JOHN THOMPSON CALLED THE MEETING TO ORDER at 9:00 A.M &
WELCOMED MEMBERS OF THE SOLID WASTE ADVISORY COMMITTEE.
MEMBERS:
MARLIN HUGHES, CLAYTON LILLEY, WARREN BEENE & RICHARD GERARD.
2. REVIEW OF BIDS AND RECOMMENDATIONS MADE BY:
 - (A) GRANT JACKSON OF NAISMITH ENGINEERING, INC
 - (B) MARK E. ROTH OF GOLDR ASSOCIATES, INC.
 - (C) DAN POTTER OF GOLDR ASSOCIATES, INC.
 AS PREVIEWED IN;
"BID EVALUATION FOR THE SOLID WASTE MANAGEMENT SYSTEM "

RECESS - COURT BREAK - 10:00 AM.

COURT RECONVENED AT 10:07 AM.

3. WAYNE KESSLER - RESIDENT ENGINEER OF THE SOLID WASTE DISPOSAL
SITE MADE RECOMMENDATION TO THE COURT & COMMITTEE
NOT TO SELL LAND FILL.
4. MOTION WAS MADE BY CLAYTON LILLEY, SECONDED BY MARLIN HUGHES,
NOT TO ACCEPT ANY OF THE BIDS. RECOMMENDATION WAS MADE TO
CALL ANOTHER MEETING WITHIN 2 TO 3 WEEKS TO FINALIZE ANY
RECOMMENDATIONS.
5. MOTIONED WAS MADE BY CLAYTON LILLEY, SECONDED BY BOB WILLIS, TO
ADJOURN MEETING AT 10:32 AM.



JOHN P. THOMPSON, COUNTY JUDGE

ATTEST:


BARBARA MIDDLETON, COUNTY CLERK
C:\WP51\COMMCRT.2001\JAN18.SPECIAL.WPD

**BID EVALUATION FOR THE
SOLID WASTE MANAGEMENT
SYSTEM
POLK COUNTY, TEXAS**

Submitted To The

**SOLID WASTE REVIEW COMMITTEE
POLK COUNTY, TEXAS**

JANUARY 2001

Prepared By

**Mark E. Roth
Golder Associates Inc.**

**Grant A. Jackson, P.E.
Naismith Engineering, Inc.**

TABLE OF CONTENTS

1. INTRODUCTION 1

2. BIDS RECEIVED 1

2.1. BID FOR SALE (CONTRACT 2000-18) 1

2.2. BID FOR CONTRACT OPERATIONS (CONTRACT 2000-19) 3

2.3. ALTERNATE BID FOR CONTRACT OPERATIONS (UNSOLICITED) 5

3. EVALUATION PERFORMED 5

3.1. ASSET VALUATION 5

3.2. CASH FLOW EVALUATION 5

4. CONCLUSIONS AND RECOMMENDATIONS 5

4.1. REQUESTS FOR ADDITIONAL INFORMATION 5

5. LIMITATIONS/DISTRIBUTION 7

Appendix A	Checklist of Submittal Requirements
Appendix B	Estimated Price Breakdown of the Bid for Sale
Appendix C	Valuation of Current Assets
Appendix D	Cash Flow Comparison (Including Debt Service)
Appendix E	Cash Flow Comparison (Excluding Debt Service)

1. INTRODUCTION

The Polk County, Texas Commissioner's Court (County) and its outside legal counsel, Mayor, Day, Caldwell & Keeton, L.L.P. (Mayor Day), retained Mr. Mark E. Roth, Golder Associates Inc., and Mr. Grant A. Jackson, P.E., Naismith Engineering, Inc., (Project Team) to review the bids received on Polk County's Solid Waste Management System (System). To provide direction to the Project Team in reviewing the bids, the County Commissioners' Court appointed a Review Committee.

This report is intended to supplement the information provided during the Committee meeting held at the Polk County Courthouse on December 18, 2000. During that meeting, copies of each of the bids and supporting information were furnished to each committee member. This information, distributed at the meeting, has not been duplicated with this report.

2. BIDS RECEIVED

The bids were received on December 1, 2000, in response to two (2) separate Request for Sealed Bids (RFSB) dated October 2, 2000. The first RFSB (Contract 2000-18) was for the Sale of the entire System. The second RFSB (Contract 2000-19) was for Contract Operations of the entire system.

2.1. Bid for Sale (Contract 2000-18)

The County received one (1) bid on Contract 2000-18. The bid was received from Mr. A.W. Kessler (doing business as KESTECH) in the nominal amount of \$8,500,000. Appendix A contains a checklist of the submittal requirements for this contract, and highlights those items where the bid did not provide all of the information requested in the bid documents or could be considered non-responsive to the information requested in the RFSB.

2.1.1. Financial Elements

The Bid documents submitted by KESTECH provided the total bid amount, and then indicated that a portion of that price would include royalty payments at the rate of \$0.25 per cubic yard of airspace volume used annually for a new site south of FM 942. The bid also indicated that the Bidder would accept waste from Polk County for no charge. However, there was no other information provided in the bid on the amounts and timing of other payments to be made to the County by the Bidder. To facilitate a comparison, the project team obtained a verbal breakdown from Mr. A. W. Kessler of KESTECH on anticipated cash payments to be made. The project team estimated a breakdown of the total bid amount, based on the information included in the bid documents and information furnished by Mr. Kessler during our conversation. A copy of this estimate has been included in Appendix B.

2.1.2. Exceptions/Substitutions by the Bidder

There were several exceptions and/or substitutions noted in the bid. The following is a list of these exceptions/substitutions compiled by the project team, along with a discussion of the consequences each.

- The Bidder indicated his intent to assign the contract for sale. The RFSB indicated that the Bidder could not assign the contract without the written consent of the County. Prior to considering approval of the contract assignment, the County should require the Bidder to submit the information requested in the RFSB for the entity to whom the contract will be assigned. This would include the qualification information, the financial resource demonstrations (including satisfactory financial assurance mechanisms), and disclosure of interest statements.
- The Bidder's list of assets to be purchased includes a 380 acre tract adjoining adjacent to the existing 220 acre tract and a Future Citizen Collection Station site on Old Woodville Road, at Highway 190 East. These assets were not included in the Request for Sealed Bids. The project team also understands that the County does not presently own these items. Before accepting the bid containing this exception, the County must either obtain a written modification from the Bidder withdrawing this item from his bid or obtain the subject properties for inclusion in the sale.
- The Bidder specifies two different closing dates for the sale of the assets. The first date is within 60 days of obtaining the permit for expanding the existing site to 131 acres. The second closing date is within 60 days of obtaining the permit for the new 600 acre site. The Request for Sealed Bids stipulated one closing date, within 90 days of the bid. Before accepting the bid containing this exception, the County must either obtain a written modification from the Bidder agreeing to a single closing date or formally waive this requirement and accept the Bidder's proposed closing schedule.
- The Bidder proposes to enter into a management and lease agreement with the County to operate the facilities until the closing date. No such interim lease was included in the RFSB. The RFSB anticipated a cash sale at closing. Before accepting the bid containing this exception, the County must either obtain a written modification from the Bidder agreeing to a single closing date within or formally waive this requirement and accept the Bidder's proposed management and lease agreement.
- The Bidder proposes that the County be an "active party" to the acquisition and permitting of the new 220 acre site. The specifics of the County's role were not defined. No such arrangement was included in the RFSB. Before accepting the bid containing this exception, the County should obtain clarification from the Bidder on the County's role in the process. If this role is acceptable to the County, specific provisions identifying the County's obligations should be incorporated into the contract for sale.
- The Bidder indicates that no Performance Bond will be provided following the closing date for sale of the assets. The RFSB indicates that a performance bond in the amount

of \$1,500,000 will be provided for a term of 5 years. The Project Team acknowledges that the practice of requiring a performance bond following a sale is not required under Texas state law. However, this provision was inserted in the RFSB to protect the citizens of Polk County. By requiring the Purchaser to post a performance bond, the County has a mechanism for assuring the citizens of Polk County have adequate disposal capacity for a period of at least five (5) years, should the Purchaser encounter financial difficulty or become insolvent. Before accepting the bid containing this exception, the County must either obtain a written modification from the Bidder agreeing to provide a performance bond for the term and the amount stipulated in the RFSB, or formally waive this requirement.

- The Bidder indicates that Polk County will continue to be responsible for the environmental conditions and for providing financial assurance for the portion of the facilities used by the County before the closing date. The RFSB indicates that the Bidder is responsible for the environmental conditions and providing financial assurance. However, the Bidder's proposal does anticipate a period of contract operations prior to closing. Before accepting the bid containing this exception, the County should obtain written clarification from the Bidder that he will be responsible for the environmental conditions and financial assurance following closing.
- The Bidder specified that payments were to be made to the County Road and Bridge Fund. The Request for Sealed Bids did not allocate payments to a specific County fund. Before accepting the bid containing this exception, the County should obtain written clarification from the Bidder that the funds from the sale are to be allocated by the County Commissioners' Court.

2.2. Bid for Contract Operations (Contract 2000-19)

The County received one (1) bid on Contract 2000-19. The bid was received from Mr. A.W. Kessler (doing business as KESTECH) in the nominal amount of \$150,000 per year. Appendix A contains a checklist of the submittal requirements for this contract, and highlights those items where the bid did not provide all of the information requested in the bid documents or could be considered non-responsive.

2.2.1. Financial Elements

The Bid documents submitted by KESTECH provided the total bid amount, and then indicated that this price would a fixed sum of \$60,000 plus a royalty payment of \$0.50 per cubic yard of airspace utilized. The bid also indicated that the Bidder would accept waste from Polk County for no charge.

2.2.2. Exceptions/Substitutions by the Bidder

- The Bidder indicated that the agreement with the County would be a lease. The RFSB indicates that the agreement is to be a contract. Before accepting the bid containing this exception, the County should obtain written clarification from the Bidder

indicating why the agreement should be a lease instead of a contract. This discussion should be coordinated with the County's legal counsel.

- Bidder indicated that the term is to be a minimum of 20 years, or the life of the permits, whichever is greater. The Request for Sealed bids indicates that the term is to be 5 years. Before accepting the bid containing this exception, the County must either obtain a written modification from the Bidder agreeing to a contract term of five (5) years, or formally waive this requirement.
- Should the Bidder elect not to use County owned equipment, the royalty payment shall be reduced to \$0.25/cubic yard. This provision appears to indicate that this option is at the sole discretion of the Bidder. Before accepting the bid containing this exception, the County should obtain written clarification from the Bidder indicating under what terms the use of County equipment would be discontinued.
- Bidder indicates that the amount of the Performance Bond will be negotiated. The Request for Sealed Bids establishes the Performance Bond amount as \$1,500,000. This provision was inserted in the RFSB to protect the citizens of Polk County. By requiring the Contractor to post a performance bond, the County has a mechanism for assuring the citizens of Polk County have adequate disposal capacity for a period of at least five (5) years, should the Purchaser encounter financial difficulty or become insolvent. Before accepting the bid with a Performance Bond for an amount less than \$1,500,000, the County must formally waive this requirement.
- Bidder indicates that he may request assistance from the County in funding capital improvements. The RFSB indicates that the Contractor is responsible for funding capital improvements. Before accepting the bid containing this exception, the County must either obtain a written modification from the Bidder agreeing to fund all capital improvements, or formally waive this requirement. If the County elects to waive this requirement, the County should obtain written clarification from the Bidder indicating under what terms the County would be required to furnish capital funding. If these terms are acceptable to the County, specific provisions identifying the County's obligations should be incorporated into the contract.
- Bidder proposes that the County be required to pay the Bidder 2 times the value of capital expenditures made if the agreement is terminated. No such arrangement was included in the RFSB. Before accepting the bid containing this exception, the County must either obtain a written modification from the Bidder rescinding this provision, or formally waive this requirement.
- Bidder proposes that Bidder and County jointly pursue to the acquisition and permitting of the new 220 acre site. The specifics of the County's role were not defined. No such arrangement was included in the Request for Sealed Bids. Before accepting the bid containing this exception, the County should obtain clarification from the Bidder on the County's role in the process. If this role is acceptable to the County, specific provisions identifying the County's obligations should be incorporated into the Contract.

- Bidder indicates that Polk County will continue to be responsible for the environmental conditions and for providing financial assurance for the portion of the facilities used by the County before the closing date. The RFSB indicates that the Bidder is responsible for the environmental conditions and providing financial assurance. Before accepting the bid containing this exception, the County should obtain written clarification from the Bidder that he will be responsible for the environmental conditions and financial assurance following closing.
- Bidder specified that payments were to be made to the County Road and Bridge Fund. The Request for Sealed Bids did not allocate payments to a specific County fund. Before accepting the bid containing this exception, the County should obtain written clarification from the Bidder that the funds from the contract are to be allocated by the County Commissioners' Court.

2.3. Alternate Bid for Contract Operations (Unsolicited)

The County also received an unsolicited bid on contract operations for the site. The bid was received from Mr. A.W. Kessler (doing business as KESTECH) in the nominal amount of \$96,000 per year to be paid by the Bidder to the County, with a payment from the County to the Bidder of \$1.00 per cubic yard of waste received (gate yards).

3. EVALUATION PERFORMED

3.1. Asset Valuation

An asset valuation has been provided in Appendix C.

3.2. Cash Flow Evaluation

The project team prepared a cash flow evaluation situation of the System using three (3) scenarios: 1) Continued operation of the System by the County; 2) Sale of the entire System [Contract 2000-18 and the Alternate, unsolicited bid]; and, 3) Contract Operations of the entire System [Contract 2000-19]. This evaluation was performed to allow a side by side comparison of all three (3) scenarios. (Appendices D and E). The evaluation was also performed to address the issue of the outstanding solid waste certificates of obligation (bonds). The first cash flow evaluation included the debt service on these obligations while the second cash flow evaluation excluded this debt service. The underlying assumptions and notes are included in Appendices D and E.

4. CONCLUSIONS AND RECOMMENDATIONS

4.1. Requests for Additional Information

As identified in the Submittal Requirements Checklist, there are several items for which additional information is needed from the Bidder. The County in writing should request this

Golder Associates Inc.

Nalsmith Engineering, Inc.

additional information, along with a written response from the Bidder. Specifically, the County should request additional information and/or clarification on the following:

4.1.1. Request for Sealed Bids for Sale (Contract 2000-18)

- An itemized breakdown of the \$8,500,000 bid for the Sale, including a definitive schedule of cash payments and estimated royalty payments.
- Clarification on the cost basis for increases in the tipping fee.
- A detailed listing of the Bidders experience, specifically responding to the minimum qualifications requirements in the Request for Sealed Bids.
- A written commitment from a surety company meeting the criteria outlined in the Request for Sealed Bids, indicating that the surety will issue a performance bond to the Bidder, if the contract is awarded.
- A financial statement demonstrating that the Bidder possesses the financial resources necessary to meet the TNRCC financial assurance requirements.
- A plan outlining the specific financial assurance mechanisms to be utilized and some evidence indicating that these mechanisms are acceptable to the TNRCC.
- Qualification information, the financial resource demonstrations (including satisfactory financial assurance mechanisms), and disclosure of interest statements for the entity to whom the contract will be assigned.
- A written modification from the Bidder withdrawing from his bid the 380 acre tract adjoining adjacent to the existing 220 acre tract and a Future Citizen Collection Station site on Old Woodville Road, at Highway 190 East
- A written modification from the Bidder agreeing to a single closing date or formally waive this requirement and accept the Bidder's proposed closing schedule.
- Written clarification from the Bidder on the County's role in the permitting process including activities and funding.
- A written modification from the Bidder agreeing to provide a performance bond for the term and the amount stipulated in the RFSB
- Written clarification from the Bidder that he will be responsible for the environmental conditions and financial assurance following closing.
- Written clarification from the Bidder that the funds from the sale are to be allocated by the County Commissioners' Court.

4.1.2. Request for Sealed Bids for Contract Operations (Contract 2000-19)

- Clarification on the cost basis for increases in the tipping fee for both the Sale and the Contract Operations.

- A detailed listing of the Bidders experience, specifically responding to the minimum qualifications requirements in the Request for Sealed Bids.
- A written commitment from a surety company meeting the criteria outlined in the Request for Sealed Bids, indicating that the surety will issue a performance bond to the Bidder, if the contract is awarded.
- A financial statement demonstrating that the Bidder possesses the financial resources necessary to meet the TNRCC financial assurance requirements.
- A plan outlining the specific financial assurance mechanisms to be utilized and some evidence indicating that these mechanisms are acceptable to the TNRCC.
- Written clarification from the Bidder indicating why the agreement should be a lease instead of a contract. This discussion should be coordinated with the County's legal counsel.
- Obtain a written modification from the Bidder agreeing to a contract term of five (5) years.
- Written clarification from the Bidder indicating under what terms the use of County equipment would be discontinued.
- A written modification from the Bidder agreeing to provide a performance bond for the term and the amount stipulated in the RFSB
- Obtain a written modification from the Bidder agreeing to fund all capital improvements.
- Obtain a written modification from the Bidder rescinding the provisions that the County be required to pay the Bidder 2 times the value of capital expenditures made if the agreement is terminated.
- Written clarification from the Bidder on the County's role in the permitting process including activities and funding.
- Written clarification from the Bidder that he will be responsible for the environmental conditions and financial assurance following closing.
- Written clarification from the Bidder that the funds from the sale are to be allocated by the County Commissioners' Court.
- Written clarification from the Bidder that the funds from the contract are to be allocated by the County Commissioners' Court.

5. LIMITATIONS/DISTRIBUTION

This report is intended to present an evaluation and recommendations to the County to use as the basis for deciding whether to sell or contract for operations of the County's System. It is the intention of the project team to provide a basis for comparison of the bids received. It is beyond

the scope of this report to guarantee that Polk County will realize any specific value by accepting or refusing the bids under consideration.

This report is intended for the sole and exclusive use of Polk County based on the specific and limited objectives set forth herein. Reuse of this document is not permitted without the written permission of the project team. Golder and Naismith assume no responsibility or obligation for the unauthorized use of this report by other parties and for conclusions, opinions, or recommendations made by others based on the information presented within this document.

GOLDER ASSOCIATES INC.

NAISMITH ENGINEERING, INC.

Mark E. Roth
Sr. Project Manager

Grant A. Jackson, P.E.
Project Engineer

POLK COUNTY SOLID WASTE MANAGEMENT REVIEW
 Bid Submittal Checklist
 Bids Submitted by A.W. Kessler

SUBMITTAL REQUIREMENTS – BID FOR SALE (Bid No. 2000-18)

Bid Requirement	App. Sect.	Met?	Comment
Pre-Submission Conference	I.16	Y	Requirement waived in Addendum #3
Bid Date/Time	RFSB, A1	Y	
Security/Bond	I.24	Y	\$25,000 Cashier's Check in lieu of Bid Bond
Acknowledged Addenda (1-3)	I.11	Y	
Used Supplied Bid Form	IV.1	N	Used equivalent forms
Bid Item 1		Y	\$8,500,000 total, subject to attached "General Terms of Agreement"
Bid Item 2		Y	\$0 per cubic yard
Bid Item 1A		N	No bid
Bid Item 2A		N	No bid
Bid Item 3B		N	No bid
Bid Item 4C		N	No bid
Bid Item 5C		N	No bid
Bidder Information	IV.1	Y	Used alternative form, did not supply Tax I.D. No.
Statement of Bidder Qualifications	IV.1		Used alternative form
Bid Acknowledgement	IV.1	Y	Used equivalent form
Bid Affidavit	IV.1	Y	Used equivalent form
Disclosure Form	IV.1	Y	Used equivalent form
Executive Summary	IV.2	Y	Included
Operating Plan	IV.3	Y	Included
Staffing Plan	IV.4	Y	Included
Financial Plan	IV.5	Y	Included
Subcontractor Plan	IV.6	Y	Included
Performance Bond Commitment	I.25	N	Bond Commitment required prior to contract for sale
Financial Resource Demonstration	I.15, III.2.d	N	Financial Resource Demonstration required prior to contract for sale

POLK COUNTY SOLID WASTE MANAGEMENT REVIEW
Bid Submittal Checklist
Bids Submitted by A. W. Kessler

EXCEPTIONS/SUBSTITUTIONS - BID FOR SALE (Bid No. 2000-18)

1. Bidder indicated his intent to assign the contract for sale. The Request for Sealed Bids indicated that the Bidder could not assign the contract without the written consent of the County.
2. Bidder's list of assets to be purchased includes a 380 acre tract adjoining adjacent to the existing 220 acre tract and a Future Citizen Collection Station site on Old Woodville Road, at Highway 190 East. These assets were not included in the Request for Sealed Bids.
3. Bidder specifies two different closing dates. The first date is within 60 days of obtaining the permit for expanding the existing site to 131 acres. The second closing date is within 60 days of obtaining the permit for the new 600 acre site. The Request for Sealed Bids stipulated one closing date, within 90 days of the bid.
4. Bidder proposes to enter into a management and lease agreement with the County to operate the facilities until the closing date. No such interim lease was included in the Request for Sealed Bids.
5. Bidder proposes that the County be an "active party" to the acquisition and permitting of the new 600 acre site. The specifics of the County's role were not defined. No such arrangement was included in the Request for Sealed Bids.
6. Bidder indicates that no Performance Bond will be provided following the closing date for sale of the assets. The Request for Sealed Bids indicates that a performance bond in the amount of \$1,500,000 will be provided for a term of 5 years.
7. Bidder indicates that Polk County will continue to be responsible for the environmental conditions and for providing financial assurance for the portion of the facilities used by the County before the closing date. The Request for Sealed Bids indicates that the Bidder is responsible for the environmental conditions and providing financial assurance.
8. Bidder specified that payments were to be made to the County Road and Bridge Fund. The Request for Sealed Bids did not allocate payments to a specific County fund.

POLK COUNTY SOLID WASTE MANAGEMENT REVIEW
 Bid Submittal Checklist
 Bids Submitted by A.W. Kessler

SUBMITTAL REQUIREMENTS – BID FOR CONTRACT OPERATIONS (Bid No. 2000-19)

Bid Requirement	App. Sect.	Met?	Comment
Pre-Submission Conference	I.16	Y	Requirement waived in Addendum #3
Bid Date/Time	RFSB, A1	Y	
Security/Bond	I.24	Y	\$3,000 Cashier's Check in lieu of Bid Bond
Acknowledged Addenda (1-3)	I.11	Y	
Used Supplied Bid Form	IV.1	N	Used equivalent forms
Bid Item 1		Y	\$150,000 total per year (\$60,000 per year plus \$0.50 per cubic yard royalty), subject to attached "General Terms of Agreement".
Bid Item 2		Y	\$0 per cubic yard
Bid Item 1A		N	No bid
Bid Item 2A		N	No bid
Bid Item 3B		N	No bid
Bid Item 4C		N	No bid
Bid Item 5C		N	No bid
Bidder Information	IV.1	Y	Used alternative form, did not supply Tax I.D. No.
Statement of Bidder Qualifications	IV.1		Used alternative form
Bid Acknowledgement	IV.1	Y	Used equivalent form
Bid Affidavit	IV.1	Y	Used equivalent form
Disclosure Form	IV.1	Y	Used equivalent form
Executive Summary	IV.2	Y	Included
Operating Plan	IV.3	Y	Included
Staffing Plan	IV.4	Y	Included
Financial Plan	IV.5	Y	Included
Subcontractor Plan	IV.6	Y	Included
Performance Bond Commitment	I.25	N	Bond required concurrent with contract
Financial Resource Demonstration	I.15, III.2.d	N	Financial Resource Demonstration required prior to contract

POLK COUNTY SOLID WASTE MANAGEMENT REVIEW
Bid Submittal Checklist
Bids Submitted by A. W. Kessler

EXCEPTIONS/SUBSTITUTIONS

BID FOR CONTRACT OPERATIONS (Bid No. 2000-19)

1. Bidder indicated that the agreement with the County would be a lease. The Request for Sealed bids indicates that the agreement is to be a contract.
2. Bidder indicated that the term is to be a minimum of 20 years, or the life of the permits, whichever is greater. The Request for Sealed bids indicates that the term is to be 5 years.
3. Should the Bidder elect not to use County owned equipment, the royalty payment shall be reduced to \$0.25/cubic yard.
4. Bidder indicates that the amount of the Performance Bond will be negotiated. The Request for Sealed Bids establishes the Performance Bond amount as \$1,500,000.
5. Bidder indicates that he may request assistance from the County in funding capital improvements. The Request for Sealed Bids indicates that the Contractor is responsible for funding capital improvements.
6. Bidder proposes that the County be required to pay the Bidder 2 times the value of capital expenditures made if the agreement is terminated. No such arrangement was included in the Request for Sealed Bids.
7. Bidder proposes that Bidder and County jointly pursue to the acquisition and permitting of the new 600 acre site. The specifics of the County's role were not defined. No such arrangement was included in the Request for Sealed Bids.
8. Bidder indicates that Polk County will continue to be responsible for the environmental conditions and for providing financial assurance for the portion of the facilities used by the County before the closing date. The Request for Sealed Bids indicates that the Bidder is responsible for the environmental conditions and providing financial assurance.
9. Bidder specified that payments were to be made to the County Road and Bridge Fund. The Request for Sealed Bids did not allocate payments to a specific County fund.

POLK COUNTY SOLID WASTE MANAGEMENT REVIEW
 Bid Comparison
 Estimated Price Breakdown - Bid for Sale

Asset	Note Number	Units	Unit Price	Amount
Payment Upon Sale of MSW 1384A	1	1 Lump Sum	\$500,000.00	\$ 500,000
Payment Upon Sale of FM 942 S	1	1 Lump Sum	\$1,000,000.00	\$ 1,000,000
Airspace - MSW 1384A	2	6,000,000 Cubic Yards	\$0.25	\$ 1,500,000
Airspace - FM 942 S	2	22,000,000 Cubic Yards	\$0.25	\$ 5,500,000
TOTAL BID AMOUNT				\$ 8,500,000

1. Confirmed during a telephone conversation with Mr. Wayne Kessler on 01/03/2001.
2. Amount estimated from royalty fee stated in the bid document for sale, with the airspace quantity computed to meet the \$8.5 million total bid.

POLK COUNTY SOLID WASTE MANAGEMENT REVIEW
Bid Comparison
Asset Valuation

Asset	Current
Land/Improvements - MSW 1384A	\$ 150,000
Airspace - MSW 1384	\$ 4,000,000
Land/Improvements - FM 942 S	\$ 220,000
Airspace - FM 942 S	\$ 20,000,000
Onalaska Citizen Collection Station (CCS)	\$ 15,000
Highway 190W CCS	\$ 15,000
Highway 146 CCS	\$ 15,000
Union Springs CCS	\$ 15,000
Richardson Road CCS	\$ 15,000
Automobiles/Pickups (7)	\$ 40,000
Tractor/Trailer Trucks (5)	\$ 75,000
Trallers (3)	\$ 15,000
Caterpillar 816B Compactor-1987	\$ 100,000
Caterpillar 826C Compactor-1993	\$ 125,000
Caterpillar D8K Dozer-1975	\$ 20,000
Caterpillar D6H Dozer-1991	\$ 50,000
Caterpillar EL240B-1991	\$ 20,000
Caterpillar 135H Motor Grader-1996	\$ 60,000
John Deere 5200 Tractor	\$ 20,000
Ford 5030 Tractor	\$ 15,000
Finn Hydroseeder	\$ 10,000
TOTAL ESTIMATED VALUE	\$ 24,995,000

POLK COUNTY SOLID WASTE MANAGEMENT REVIEW
 Bid Comparison
 10 Year Cash Comparison - Debt Service Included

Revenue (Expense)	County Operation	Sale	Contract Ops.	Notes
Fund Balance - Begin 2001	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	1
2001 Revenue	\$ 1,308,000	\$ 96,000	\$ 144,000	2,9
2001 Capital/Financing	\$ -	\$ -	\$ -	-
2001 Interest Income	\$ 50,000	\$ 50,000	\$ 50,000	-
2001 Capital Outlay	\$ (60,000)	\$ (60,000)	\$ (60,000)	-
2001 Operating Expenses	\$ (1,185,000)	\$ (168,000)	\$ -	2,9
2001 Debt Service	\$ (220,000)	\$ (220,000)	\$ (220,000)	-
2001 Transfers to Other Funds	\$ -	\$ -	\$ -	-
Fund Balance - Begin 2002	\$ 893,000	\$ 698,000	\$ 914,000	
2002 Revenue	\$ 1,387,000	\$ 96,000	\$ 148,000	
2002 Capital/Financing	\$ -	\$ -	\$ -	
2002 Interest Income	\$ 44,650	\$ 34,900	\$ 45,700	
2002 Capital Outlay	\$ (560,000)	\$ (560,000)	\$ -	3
2002 Operating Expenses	\$ (1,220,000)	\$ (173,000)	\$ -	
2002 Debt Service	\$ (225,000)	\$ (225,000)	\$ (225,000)	
2002 Transfers to Other Funds	\$ -	\$ -	\$ -	
Fund Balance - Begin 2003	\$ 319,650	\$ (129,100)	\$ 882,700	
2003 Revenue	\$ 1,470,000	\$ 45,000	\$ 152,000	
2003 Capital/Financing	\$ -	\$ 500,000	\$ -	4
2003 Interest Income	\$ 15,983	\$ -	\$ 44,135	
2003 Capital Outlay	\$ (260,000)	\$ -	\$ -	5
2003 Operating Expenses	\$ (1,257,000)	\$ -	\$ -	
2003 Debt Service	\$ (230,000)	\$ (230,000)	\$ (230,000)	
2003 Transfers to Other Funds	\$ -	\$ -	\$ -	
Fund Balance - Begin 2004	\$ 58,633	\$ 185,900	\$ 848,835	
2004 Revenue	\$ 1,558,000	\$ 46,300	\$ 157,000	
2004 Capital/Financing	\$ -	\$ 1,000,000	\$ -	6
2004 Interest Income	\$ 2,932	\$ 9,295	\$ 42,442	
2004 Capital Outlay	\$ (60,000)	\$ -	\$ -	
2004 Operating Expenses	\$ (1,295,000)	\$ -	\$ -	
2004 Debt Service	\$ (235,000)	\$ (235,000)	\$ (235,000)	
2004 Transfers to Other Funds	\$ -	\$ -	\$ -	
Fund Balance - Begin 2005	\$ 29,564	\$ 1,006,495	\$ 813,277	
2005 Revenue	\$ 1,651,000	\$ 47,700	\$ 162,000	
2005 Capital/Financing	\$ -	\$ -	\$ -	
2005 Interest Income	\$ 1,478	\$ 50,325	\$ 40,664	
2005 Capital Outlay	\$ (60,000)	\$ -	\$ -	
2005 Operating Expenses	\$ (1,333,000)	\$ -	\$ -	
2005 Debt Service	\$ (240,000)	\$ (240,000)	\$ (240,000)	
2005 Transfers to Other Funds	\$ -	\$ -	\$ -	

POLK COUNTY SOLID WASTE MANAGEMENT REVIEW
 Bid Comparison
 10 Year Cash Comparison - Debt Service Included

Revenue (Expense)	County Operation	Sale	Contract Ops.	Notes
Fund Balance - Begin 2006	\$ 49,042	\$ 864,528	\$ 775,941	
2006 Revenue	\$ 1,750,000	\$ 49,100	\$ 111,000	7
2006 Capital/Financing	\$ 600,000	\$ -	\$ -	8
2006 Interest Income	\$ 2,452	\$ 43,226	\$ 38,797	
2006 Capital Outlay	\$ (660,000)	\$ -	\$ -	8
2006 Operating Expenses	\$ (1,374,000)	\$ -	\$ -	
2006 Debt Service	\$ (245,000)	\$ (245,000)	\$ (245,000)	
2006 Transfers to Other Funds	\$ -	\$ -	\$ -	
Fund Balance - Begin 2007	\$ 122,494	\$ 711,846	\$ 680,738	
2007 Revenue	\$ 1,800,000	\$ 50,500	\$ 114,000	
2007 Capital/Financing	\$ -	\$ -	\$ -	
2007 Interest Income	\$ 6,125	\$ 35,592	\$ 34,037	
2007 Capital Outlay	\$ (60,000)	\$ -	\$ -	
2007 Operating Expenses	\$ (1,415,000)	\$ -	\$ -	
2007 Debt Service	\$ (360,000)	\$ (250,000)	\$ (250,000)	
2007 Transfers to Other Funds	\$ -	\$ -	\$ -	
Fund Balance - Begin 2008	\$ 93,619	\$ 547,938	\$ 578,774	
2008 Revenue	\$ 1,900,000	\$ 52,000	\$ 118,000	
2008 Capital/Financing	\$ -	\$ -	\$ -	
2008 Interest Income	\$ 4,681	\$ 27,397	\$ 28,939	
2008 Capital Outlay	\$ (60,000)	\$ -	\$ -	
2008 Operating Expenses	\$ (1,457,000)	\$ -	\$ -	
2008 Debt Service	\$ (365,000)	\$ (255,000)	\$ (255,000)	
2008 Transfers to Other Funds	\$ -	\$ -	\$ -	
Fund Balance - Begin 2009	\$ 116,300	\$ 372,335	\$ 470,713	
2009 Revenue	\$ 2,000,000	\$ 53,500	\$ 121,000	
2009 Capital/Financing	\$ -	\$ -	\$ -	
2009 Interest Income	\$ 5,815	\$ 18,617	\$ 23,536	
2009 Capital Outlay	\$ (60,000)	\$ -	\$ -	
2009 Operating Expenses	\$ (1,500,000)	\$ -	\$ -	
2009 Debt Service	\$ (370,000)	\$ (260,000)	\$ (260,000)	
2009 Transfers to Other Funds	\$ -	\$ -	\$ -	
Fund Balance - Begin 2010	\$ 192,115	\$ 184,452	\$ 355,249	
2010 Revenue	\$ 2,000,000	\$ 55,200	\$ 125,000	
2010 Capital/Financing	\$ -	\$ -	\$ -	
2010 Interest Income	\$ 9,606	\$ 9,223	\$ 17,762	
2010 Capital Outlay	\$ (60,000)	\$ -	\$ -	
2010 Operating Expenses	\$ (1,500,000)	\$ -	\$ -	
2010 Debt Service	\$ (375,000)	\$ (260,000)	\$ (260,000)	
2010 Transfers to Other Funds	\$ -	\$ -	\$ -	
Fund Balance - Begin 2011	\$ 266,721	\$ (11,126)	\$ 238,011	

POLK COUNTY SOLID WASTE MANAGEMENT REVIEW
 Bid Comparison
 10 Year Cash Comparison - Debt Service Included

Revenue (Expense)	County Operation	Sale	Contract Ops.	Notes
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NOTES

1. Estimate of combination of Operating and CO Issue funds
2. Under the Sale, Bidder does contract operations for until permits are issued (est. 2 years).
 Under this Alternate, Bidder pays County \$96,000 per year while County pays Bidder \$1 per cubic yard for these 2 years.
3. New landfill cell constructed in 2002 is capitalized from fund balance.
4. Based on a telephone conversation with the Bidder, an estimated cash payment of \$500,000 would be made upon the sale of MSW 1384A (existing site with expansion approved).
5. Closure of existing landfill area is capitalized from fund balance.
6. Based on a telephone conversation with the Bidder, an estimated cash payment of \$1,000,000 would be made upon the sale of the 220 acre site on the south side of FM 942.
7. Under the Contract Operations bid, the royalty payment made to the County is reduced when the Bidder discontinues the use of County equipment. For the purposes of this comparison, the remaining useful life of the County's equipment has been estimated at 5 years.
8. New landfill cell constructed in 2006 is amortized (bond term) for 5 years.
9. Using historical averages, waste stream will increase at 3% per year while revenues under County operation will increase 5% per year

POLK COUNTY SOLID WASTE MANAGEMENT REVIEW
 Bid Comparison
 10 Year Cash Comparison - Debt Service Excluded

Revenue (Expense)	County Operation	Sale	Contract Ops.	Notes
Fund Balance - Begin 2001	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	1
2001 Revenue	\$ 1,308,000	\$ 96,000	\$ 144,000	2,9
2001 Capital/Financing	\$ -	\$ -	\$ -	-
2001 Interest Income	\$ 50,000	\$ 50,000	\$ 50,000	-
2001 Capital Outlay	\$ (60,000)	\$ (60,000)	\$ (60,000)	-
2001 Operating Expenses	\$ (1,185,000)	\$ (168,000)	\$ -	2,9
2001 Debt Service	\$ -	\$ -	\$ -	-
2001 Transfers to Other Funds	\$ -	\$ -	\$ -	-
Fund Balance - Begin 2002	\$ 1,113,000	\$ 918,000	\$ 1,134,000	
2002 Revenue	\$ 1,387,000	\$ 96,000	\$ 148,000	
2002 Capital/Financing	\$ -	\$ -	\$ -	
2002 Interest Income	\$ 55,650	\$ 45,900	\$ 56,700	
2002 Capital Outlay	\$ (560,000)	\$ (560,000)	\$ -	3
2002 Operating Expenses	\$ (1,220,000)	\$ (173,000)	\$ -	
2002 Debt Service	\$ -	\$ -	\$ -	
2002 Transfers to Other Funds	\$ -	\$ -	\$ -	
Fund Balance - Begin 2003	\$ 775,650	\$ 326,900	\$ 1,338,700	
2003 Revenue	\$ 1,470,000	\$ 45,000	\$ 152,000	
2003 Capital/Financing	\$ -	\$ 500,000	\$ -	4
2003 Interest Income	\$ 38,783	\$ -	\$ 66,935	
2003 Capital Outlay	\$ (260,000)	\$ -	\$ -	5
2003 Operating Expenses	\$ (1,257,000)	\$ -	\$ -	
2003 Debt Service	\$ -	\$ -	\$ -	
2003 Transfers to Other Funds	\$ -	\$ -	\$ -	
Fund Balance - Begin 2004	\$ 767,433	\$ 871,900	\$ 1,557,635	
2004 Revenue	\$ 1,558,000	\$ 46,300	\$ 157,000	
2004 Capital/Financing	\$ -	\$ 1,000,000	\$ -	6
2004 Interest Income	\$ 38,372	\$ 43,595	\$ 77,882	
2004 Capital Outlay	\$ (60,000)	\$ -	\$ -	
2004 Operating Expenses	\$ (1,295,000)	\$ -	\$ -	
2004 Debt Service	\$ -	\$ -	\$ -	
2004 Transfers to Other Funds	\$ -	\$ -	\$ -	
Fund Balance - Begin 2005	\$ 1,008,804	\$ 1,961,795	\$ 1,792,517	
2005 Revenue	\$ 1,651,000	\$ 47,700	\$ 162,000	
2005 Capital/Financing	\$ -	\$ -	\$ -	
2005 Interest Income	\$ 50,440	\$ 98,090	\$ 89,626	
2005 Capital Outlay	\$ (60,000)	\$ -	\$ -	
2005 Operating Expenses	\$ (1,333,000)	\$ -	\$ -	
2005 Debt Service	\$ -	\$ -	\$ -	
2005 Transfers to Other Funds	\$ -	\$ -	\$ -	

POLK COUNTY SOLID WASTE MANAGEMENT REVIEW
 Bid Comparison
 10 Year Cash Comparison - Debt Service Excluded

Revenue (Expense)	County Operation	Sale	Contract Ops.	Notes
Fund Balance - Begin 2006	\$ 1,317,244	\$ 2,107,585	\$ 2,044,143	
2006 Revenue	\$ 1,750,000	\$ 49,100	\$ 111,000	7
2006 Capital/Financing	\$ 600,000	\$ -	\$ -	8
2006 Interest Income	\$ 65,862	\$ 105,379	\$ 102,207	
2006 Capital Outlay	\$ (660,000)	\$ -	\$ -	8
2006 Operating Expenses	\$ (1,374,000)	\$ -	\$ -	
2006 Debt Service	\$ -	\$ -	\$ -	
2006 Transfers to Other Funds	\$ -	\$ -	\$ -	
Fund Balance - Begin 2007	\$ 1,699,107	\$ 2,262,064	\$ 2,257,350	
2007 Revenue	\$ 1,800,000	\$ 50,500	\$ 114,000	
2007 Capital/Financing	\$ -	\$ -	\$ -	
2007 Interest Income	\$ 84,955	\$ 113,103	\$ 112,867	
2007 Capital Outlay	\$ (60,000)	\$ -	\$ -	
2007 Operating Expenses	\$ (1,415,000)	\$ -	\$ -	
2007 Debt Service	\$ -	\$ -	\$ -	
2007 Transfers to Other Funds	\$ -	\$ -	\$ -	
Fund Balance - Begin 2008	\$ 2,109,062	\$ 2,425,667	\$ 2,484,217	
2008 Revenue	\$ 1,900,000	\$ 52,000	\$ 118,000	
2008 Capital/Financing	\$ -	\$ -	\$ -	
2008 Interest Income	\$ 105,453	\$ 121,283	\$ 124,211	
2008 Capital Outlay	\$ (60,000)	\$ -	\$ -	
2008 Operating Expenses	\$ (1,457,000)	\$ -	\$ -	
2008 Debt Service	\$ -	\$ -	\$ -	
2008 Transfers to Other Funds	\$ -	\$ -	\$ -	
Fund Balance - Begin 2009	\$ 2,597,515	\$ 2,598,951	\$ 2,726,428	
2009 Revenue	\$ 2,000,000	\$ 53,500	\$ 121,000	
2009 Capital/Financing	\$ -	\$ -	\$ -	
2009 Interest Income	\$ 129,876	\$ 129,948	\$ 136,321	
2009 Capital Outlay	\$ (60,000)	\$ -	\$ -	
2009 Operating Expenses	\$ (1,500,000)	\$ -	\$ -	
2009 Debt Service	\$ -	\$ -	\$ -	
2009 Transfers to Other Funds	\$ -	\$ -	\$ -	
Fund Balance - Begin 2010	\$ 3,167,391	\$ 2,782,398	\$ 2,983,749	
2010 Revenue	\$ 2,000,000	\$ 55,200	\$ 125,000	
2010 Capital/Financing	\$ -	\$ -	\$ -	
2010 Interest Income	\$ 158,370	\$ 139,120	\$ 149,187	
2010 Capital Outlay	\$ (60,000)	\$ -	\$ -	
2010 Operating Expenses	\$ (1,500,000)	\$ -	\$ -	
2010 Debt Service	\$ -	\$ -	\$ -	
2010 Transfers to Other Funds	\$ -	\$ -	\$ -	
Fund Balance - Begin 2011	\$ 3,768,760	\$ 2,978,718	\$ 3,257,937	

POLK COUNTY SOLID WASTE MANAGEMENT REVIEW
Bid Comparison
10 Year Cash Comparison - Debt Service Excluded

<u>Revenue (Expense)</u>	<u>County Operation</u>	<u>Sale</u>	<u>Contract Ops.</u>	<u>Notes</u>
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NOTES

1. Estimate of combination of Operating and CO Issue funds
2. Under the Sale, Bidder does contract operations for until permits are issued (est. 2 years).
Under this Alternate, Bidder pays County \$96,000 per year while County pays Bidder \$1 per cubic yard for these 2 years.
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