

Project Scope:

The State of New Jersey (NJ) has historically afforded individual contracts for each Agency and/or Department throughout the State. In many instances, this would produce sometimes the same supplier with several different contracts, at different prices, for the same product or service!

Trash hauling was just one example of a spend that the State practiced this outdated method of awarding contracts. In 2009, the Division of Purchase and Property (DPP) initiated a project to begin contract consolidation on the hopes of not only garnering lower prices through the leveraging of a larger spend potential, but also, the soft savings of having to track fewer suppliers, pay fewer suppliers, less confusion at the Agency level, less paperwork, etc., etc..

As of 2009, the State of NJ had approximately 36 trash hauling contracts when this consolidation process started. Early into the consolidation process, it was determined that the State had no data on container size, frequency of pick-ups, total tonnage or locations. Thus, for the first 4-6 months of the process, the buyer had to collect data from both the using Agencies and also the incumbent suppliers. This task for daunting as the State's Agencies had not kept accurate records, nor had the State's suppliers ever been asked to submit historical usage reports.

After compiling the usage data, DPP set out to develop a completely new way of bidding trash hauling. The current contracts were simply a price per pick-up, plus "any additional costs"!!! Needless to say, the State really had no grasp of their true trash hauling expenses. The DPP decided to issue the new RFP on a county-by-county basis (whereas the old contract would sometimes have 2 or 3 haulers going to the same facility!), have the bidders split out their costs by; container size, dumping fees, price per pound or, for smaller containers, by pick-up. This RFP would establish a "cafeteria" style contract that would allow using Agencies the ability to pick-n-choose the size and frequency of pick-ups that they would need on an on-going basis (versus, being locked-in to a contract without flexibility to change).

As this new RFP was different for both the State and the State's haulers, the RFP was posted for several months as many questions needed to be answered or clarified. However, eventually, bids were received, negotiations were held and awards were made, by county, to the most cost effective bidders, with most counties being awarded with 3 or more haulers. Realizing that existing data was a bit suspect, when contract launch meetings were held with the using Agencies and knowing that each county had potentially 3 different prices for the same service,

DPP suggested that as time goes by and Agencies settle into the new contract, that if there wanted to perform a mini-bid between two or more awarded haulers in their county, that they were allowed to do so. And, as the State stipulated in their bid that any lowering in an awarded suppliers price, must be offered to the rest of the county, the State has on several occasions lowered the prices on some price lines. It should also be noted that the State of NJ many times offers it's State contracts to the local municipalities, schools and county purchasing entities, but had not done so on their trash hauling contracts. This contract was awarded as a State-wide cooperative and thus, has allowed any local town, county or school to avoid the cost of bidding trash hauling on their own, if they so desire.