

## **Attachment 5 – Scope of Services for Storage, Fulfillment, and Distribution of Durable Compostable Bags**

### **1 Introduction and Background**

#### **1.1 Introduction**

This Attachment provides a Scope of Services for qualified vendors interested in contracting for the storage, fulfillment, and distribution services (“Distribution Vendors”) to supply durable compostable bags (DCBs) to residents and businesses located in Washington and Ramsey counties participating (Participants) in a voluntary organics recycling program (Program). An agreement will be prepared using this Scope of Services as the basis for the final scope of services in the agreement.

Product accessibility will be an integral part of the Recycling & Energy (R&E) Board’s organics recycling program. The selected Distribution Vendor will manage and supply DCBs to Participants in the Program. The DCBs, also known as “food scraps bags,” are compostable bags that will be used by Participants to place food scraps into for composting. More information on the program can be found on the [Ramsey County Food Scraps web page](#).

At a minimum, the Distribution Vendors shall satisfy all of the following:

- Licensed to do business in the state of Minnesota or willing to provide a commitment that it will become licensed in Minnesota within thirty (30) calendar days of being selected as the successful Distribution Vendor.
- Maintain a warehouse located in the United States (preferred to be in the Twin Cities Metropolitan Area) to which the DCBs will be delivered by the manufacturer and where those DCBs will be stored.
- Have a minimum of five (5) years relevant, warehousing, distribution and order fulfillment experience.
- Have a demonstrated satisfactory record of performance and adhering to safety standards.  
Have financial capacity to manage and operate warehousing, order fulfillment, and distribution services detailed in this RFP.

#### **1.2 R&E Board Background**

The R&E Board is a public joint powers board of Ramsey and Washington counties, located in the eastern Twin Cities Metropolitan Area (East Metro) in Minnesota. The R&E Board is responsible, on the behalf of the two counties, for administering solid waste resource recovery activities, and programs to reduce the landfilling of waste. The R&E Board assists the counties in implementing an integrated regional solid waste management system in the East Metro aimed at implementing the Waste Management Hierarchy outlined in the Minnesota Waste Management Act (Minn. Stat. Chaps. 115A and 473, the Act).

The R&E Board has continued that work to achieve environmental, economic and social benefits for the East Metro. Ramsey & Washington counties collectively have a total population of about 820,000 and span a total of 593 square miles<sup>1,2</sup> consisting of urban, suburban, and

<sup>1</sup> <https://www.ramseycounty.us/your-government/about-ramsey-county>

<sup>2</sup> <https://www.co.washington.mn.us/102/County-History>

rural areas. The R&E Board owns and operates the Recycling & Energy Center (R&E Center), in Newport, Minnesota. Purchased on December 31, 2015, the R&E Center receives and processes all acceptable trash generated in the two Counties. The R&E Center currently produces refuse-derived fuel and recovers certain recyclable materials.

The R&E vision, “vibrant, healthy communities without waste,” is being pursued in several phases. While R&E activities and each county’s programs partner to work upstream, preventing waste and increasing source separation of recyclables, the R&E Center will be redesigned and repurposed to recover more value from waste. Over the next two years, enhancements at the R&E Center will be installed to accommodate a new program to collect source-separated organics and enable the recovery of these high-value materials from trash. Details of the processing enhancements can be found [here](#).

### **1.3 Description of Organics Collection Using DCBs**

The State of Minnesota has set a 75% recycling goal for the metropolitan area by 2030. Recent waste sorts show that food scraps (fruit peels, vegetable cuttings, spoiled food, etc.) are approximately 25% by weight of trash materials collected in Ramsey and Washington counties. When other organic wastes are included (like paper towels, paper cups and other compostable packaging), the total is close to 40%.

The R&E Board is moving forward to establish a new system to collect source-separated food scraps and other organics from households and small businesses in the two counties using durable compostable bags. This progress includes the installation of additional processing enhancement upgrades at the R&E Center to accommodate separation of food scraps bags. The food scraps bag program is anticipated to undergo a pilot phase in mid-2022 and become available to all residents of Ramsey and Washington counties in phases starting in late 2022 or early 2023.

Ramsey and Washington county residents who opt into the program will be provided with a package with 60-count DCBs at no charge to the residents. Under later program implementation, small businesses will be able to purchase DCBs for a fee and opt into the program under later program implementation. Food scraps and other compostable products are placed into these extra strong compostable bags, which are then tied shut and placed into the customer’s existing trash receptacle (such as a dumpster or trash cart). DCBs will then be sorted out of the trash either at the R&E Center or transfer stations. DCBs will be certified compostable by the Biodegradable Products Institute<sup>3</sup>.

There are approximately 319,000 households in Ramsey and Washington counties. R&E estimates about 40% residential participation in the Program by the end of five years after Program launch. The R&E Board plans to roll-out the residential program in phases, launching in communities sequentially over the course of two to three years. Based on projections for sign-up rates and roll-out models, this Program could expect to serve the quantities of residential Participants shown in Table 1-1 (does not include commercial Participants).

<sup>3</sup> <https://bpiworld.org/Get-Certified>

**Table 1-1  
Program Participation Estimates by Year**

Estimated Number of Total Households Expected per Year						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
3-year phased roll-out	15,935	31,870	63,740	95,610	117,919	127,480
2-year phased roll-out	15,935	47,805	79,675	111,545	127,480	127,480

The opt-in Program is planned to begin with a small-scale pilot phase in early- to mid-2022 and roll-out an initial ‘phase one’ in late 2022. Two sizes of bags – 6-gallon and 13-gallon – will be available for Participants to choose upon subscribing to the program. A quantity of 60 bags will be delivered to participating households at no cost to the Participant for use over a 12-month period, at which point Participants may order another year-supply of bags at no charge. Participants may also order additional bags (beyond their no-cost supply) for a fee at any time.

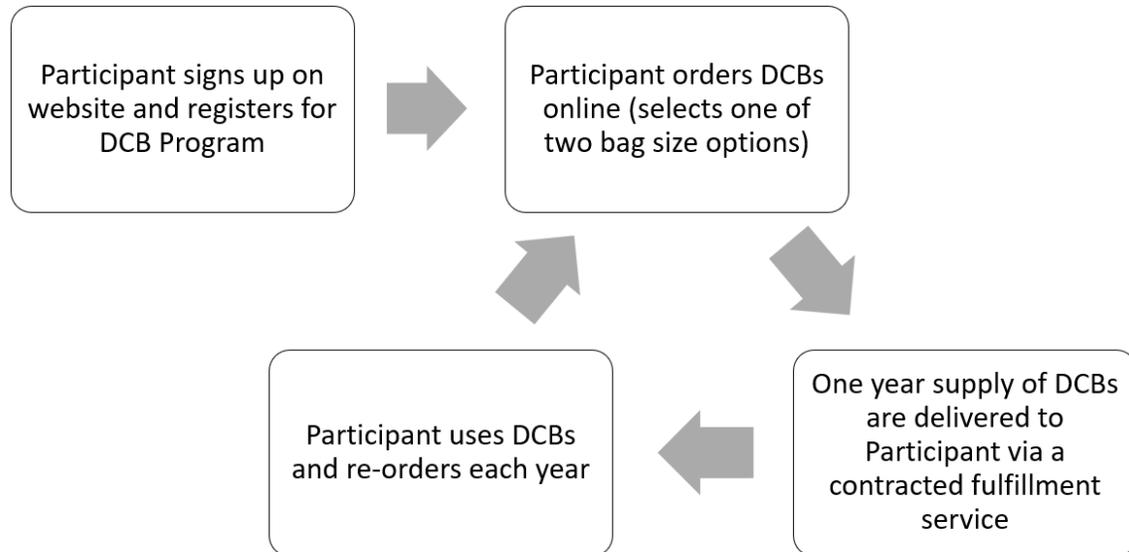
In addition, larger rolls and boxes of DCBs will be provided at both counties’ food scraps drop-off locations. These will be manufactured and ordered separately due to the quantity per roll/box and need to fit inside the bag dispensers installed at the drop off sites.

#### **1.4 Ordering & Order Fulfillment System Components**

The R&E Board intends to establish multiple contracts to provide the DCB program to Participants. One contract will establish an online ordering system for Participants to register and order DCBs. Another contract will establish a customer support system with a call center vendor. The R&E Board is also in the process of establishing a contract with a manufacturer for production of the DCBs themselves, following a solicitation. The selected manufacturer will interface with the Distribution Vendor. Lastly, a contract will be established for storage of DCBs, order fulfillment and distribution services to fulfill DCB orders received from the online ordering system. This Scope of Services document is for the storage, fulfillment and distribution contract.

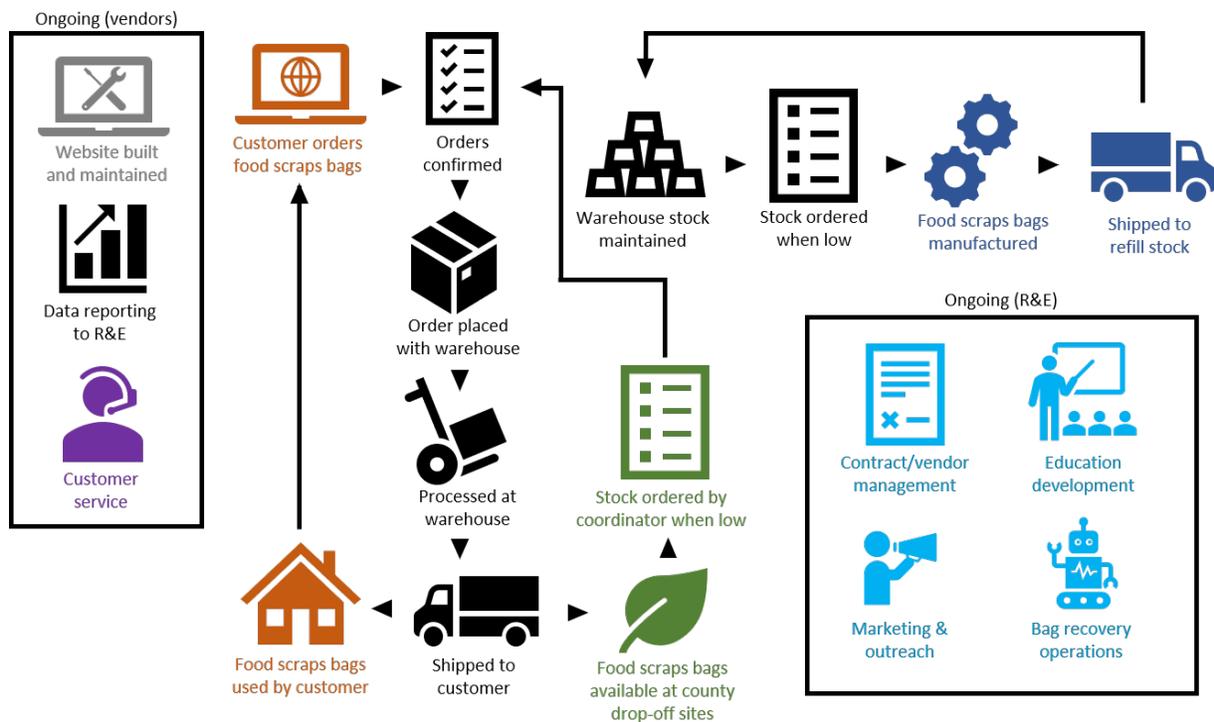
The customer experience for ordering and order fulfillment is depicted in Figure 1-2 below. Customer-facing components of ordering and fulfillment include the website for online ordering; access to educational materials; reordering and ongoing Participant engagement; customer service functions for addressing questions and issues; and delivery of DCBs to Participants’ homes.

**Figure 1-2  
Customer-Facing Ordering & Fulfillment Process**



Overall system management, logistical and operational components for the Program are depicted in Figure 1-3. This includes services provided by multiple vendors as well as efforts performed by R&E staff.

**Figure 1-3  
Overview of DCB System Components**





The primary method by which Participant orders will occur is via a website built specifically for the Program. Residents and businesses located in Ramsey and Washington counties will be eligible to use the website to order DCBs. Households that order on the website will receive a one-year supply of DCBs at no charge as a result of signing up for the program. Participants will have their choice of 60-count of six (6)- gallon bags or 13-gallon bags to be delivered to their home address. Participants will have the opportunity to re-order their no-cost annual supply of DCBs fifty (50) weeks after receipt of their previous order, which will be prompted by automated communication from the Program web interface. Participants may also order extra bags for a fee at any time after signing up.

## **2 DCB Storage, Fulfillment and Distribution Scope of Services**

### **2.1 Storage, Fulfillment and Distribution Vendor Role**

The following sequence describes the role of the Distribution Vendor in the R&E DCB Program.

1. R&E will be selecting a manufacturer of DCBs for the Program. The Distribution Vendor will have direct contact with the DCB manufacturer and designated R&E staff to provide routine (anticipated to be monthly) updates on status of inventory quantities and needs for delivery of additional DCBs from the DCB manufacturer to the Distribution Vendor. The Distribution Vendor will submit new order requests for 6-gallon and 13-gallon DCBs directly to the DCB manufacturer within the appropriate lead time and with R&E approval of order to ensure that the Distribution Vendor maintains adequate quantity of DCB products warehoused to supply to Participants signed up for the Program. Per DCB manufacturer recommendations, the Distribution Vendor shall warehouse DCB products in an indoor, cool dry storage area. The DCB manufacturer will provide a separate invoice for the quantity of bags ordered directly to R&E. The cost of the DCBs and shipping the DCBs to the Distribution Vendors warehouse will be the responsibility of R&E.
2. The DCBs have a manufacturer-guaranteed shelf life of 18 months. The Distribution Vendor shall account for DCB manufacturer lifespan in order supply and fulfillment. The Distribution Vendor shall rotate warehouse stock such that the Distribution Vendor ensures that no DCBs are stored longer than six (6) months to ensure that Distribution Vendor does not disburse DCBs within 12 months of their end of useful life since it is anticipated that Program Participants will receive a 12-month supply of bags. The Distribution Vendor shall use all reasonable efforts to maintain a DCB supply to meet Participant demand without excessive surplus that may result in DCBs expiring before they may be distributed. Unusable DCBs will be managed through composting or other means acceptable to R&E at no cost to R&E.
3. The Distribution Vendor shall work directly with the contractors hired by R&E to manage Participant enrollment in the Program in order to receive DCB orders. Order data will be sent on a daily basis directly from an automated web-based system (developed by R&E) to the Distribution Vendor using a method approved by R&E. The Distribution Vendor, or its selected shipping vendor, shall utilize the order information to fulfill orders. An average Participant order is expected to consist of one case of either 60-count 6-gallon DCBs or 60-count 13-gallon DCBs, however, Participants may order more than one case of DCBs of either one or both size options. Exact quantity specifications for orders will be determined by R&E.

The Distribution Vendor shall fulfill orders daily, including providing updates on order notification, order shipping status/tracking, and order delivery notification to an R&E web-based system using communication methods approved by R&E to ensure Participants can check order status and are notified of shipping through the web-based system. The Distribution Vendor is prohibited from sharing Participant contact information with anyone but R&E and/or R&E-designated contractors.

4. Fulfillment of orders shall include any necessary packaging, shipping and delivery to all Program Participants at addresses within Ramsey and Washington counties. Packaging shall be recyclable, which is defined as acceptable in Ramsey and Washington County residents' curbside recycling programs (e.g., cardboard) and contain no package filling (e.g., polystyrene products, plastics, etc.). No more than seven (7) calendar days shall pass between when the Distribution Vendor is notified through the website of a DCB order, and the order being received by the Participant.
5. In addition to fulfilling orders from Participants, the Distribution Vendor shall also fulfill specialized orders received through the automated web-based system that are placed by Ramsey and Washington county drop-off site supervisors. It is anticipated that there will be deliveries to one location in Ramsey County and two locations in Washington County (addresses will be specified by R&E) that will occur on a monthly basis or as specified by R&E.

## 2.2 Performance Specifications

### 1. Material Storage Performance

The Distribution Vendor shall provide for adequate indoor, cool and dry storage space to house DCBs orders from the R&E-selected DCB manufacturer. Table 2-1 shows the estimated quantities of DCB orders by year after the Program rollout based on Participant estimates. These quantities are estimates and actual Program participation and number of bag orders may differ.

**Table 2-1  
DCB Participant Quantity Estimates\***

Year		Residential Participation Rate	No. of Participating Households
0	2022**	2%	6,374
1	2023	5%	15,935
2	2024	10%	31,870
3	2025	20%	63,740
4	2026	30%	95,610
5	2027	37%	117,919
6+	2028+	40%	127,480

\* Assuming 5-year growth period to 40% Participation.

\*\* 2022 pilot program with year-end roll-out and partial year of service.

At Program roll out, the Distribution Vendor shall have adequate indoor, cool dry storage space for the number of DCBs anticipated at program maturity or the ability to have the necessary space available within 60 days.

The 6-gallon bags will be delivered to the Distribution Vendor's warehouse in rolls consisting of 30 bags per roll, 2 rolls per case, and approximately 300-350 cases per pallet. The 13-gallon bags will be delivered to the Distribution Vendor's warehouse in rolls consisting of 30 bags per roll, 2 rolls per case, and approximately 250-300 cases per pallet. If necessary, due to Program Participation, less than full pallet orders may need to be managed by the Distribution Vendor. The cost of delivery to Distribution Vendor's warehouse shall be the responsibility of R&E.

Upon delivery to the Distribution Vendor, the Distribution Vendor will inspect the order to verify quantity, size of bags and received condition. Distribution Vendor will notify R&E immediately possible of incorrect quantities, bag sizes, defective and damaged products, and/or other unacceptable conditions. Upon acceptance of the delivery, the Distribution Vendor shall store DCBs in an indoor, dedicated, cool and dry space in the storage warehouse. DCB products shall all be stored together within the same area of the warehouse. The DCBs will be stored and handled in accordance with DCB manufacturer's recommendations. If DCBs are damaged after Distribution Vendor accepts shipment of the DCBs from the manufacturer but before DCBs are distributed to Program Participants, the Distribution Vendor shall be responsible for the cost of an equal quantity of DCBs to replace any damaged bags as well as any associated shipping costs. In addition, the Distribution Vendor shall be responsible for the proper management of damaged DCBs (disposed via composting or other method acceptable to R&E).

Distribution Vendors storage location must provide a dry and suitable atmosphere for storage of the bags in their shipping container (boxes or pallets) to prevent premature degradation of the biodegradable bags or other damage including but not limited to mold, mildew, etc. from forming on stored products. Palletized cases shall be stored in a manner suitable to prevent crushing of the individual cases and to maintain the cases in good condition at all times. Stacking height shall be as recommended by the DCB manufacturer. The Distribution Vendor shall be responsible for maintaining a secure site. The Distribution Vendor shall bear all risk for loss or damage caused by fire, theft, and other incidents that may impact the Program, including strikes or labor disputes.

## **2. Order Fulfillment Performance**

The Distribution Vendor will maintain on hand an adequate stock of DCBs to meet the requirements of Participant orders. The minimum order for DCBs from the manufacturer is expected to be generally 300-350 cases for 6-gallon and 250-300 cases for 13-gallon bags (single pallet quantities).

As described in Section 2.1, the Distribution Vendor will receive orders on a daily basis from an automated web-based system through which Participants register for the Program and submit their selection of either 6-gallon DCBs and/or 13-gallon DCBs.

DCB orders shall be packaged and shipped in accordance with manufacturer's recommendations and/or standard industry practices in recyclable containers, as specified above. Packaging materials shall be approved by R&E prior to use in shipping orders to Participants.

Distribution Vendor shall maintain an inventory tracking system for DCB orders and DCBs

in stock. This information shall be provided upon request to designated R&E staff and R&E-designated contractors.

The automated web-based system developed by R&E will “push” order data to the Distribution Vendor once per day. Order fulfillment data will be “pulled” from the Distribution Vendor at least once per day to be added to the customer information database developed by R&E. This data movement should occur via an automated process so human intervention is not required, except in specified situations.

### **3. Distribution Performance**

Deliveries are to be made only to the Participants as indicated on the order, to addresses in Ramsey or Washington County and in accordance with accepted commercial practices, without extra charge for packing or shipping containers.

Deliveries shall be placed at the location indicated in the order, at the resident’s door, or at the general mail/shipping receipt location for multi-unit dwellings. The Distribution Vendor will work with R&E staff in the event the R&E receives a complaint from a Participant about a defective bag to ensure the entire lot of bags is not defective.

The Distribution Vendor will not sell, give, or distribute Program DCBs or Participant information to any person or outlet other than authorized R&E staff without authorization from R&E.

### **2.3 Documentation, Data & Reporting**

The Vendor shall be responsible for maintaining data integrity and security. The Vendor will comply with the Minnesota Government Data Practices Act, found at Minn. Stat. Ch. 13.

R&E staff, or agents designated on R&E’s behalf, shall have the right to inspect the inventory and records relating to this Contract at reasonable times as R&E deem necessary.

The Vendor shall provide activity and performance reports to R&E on a monthly basis, submitting each report within 30 days from the last day of the reporting month. The Vendor will provide DCB inventory status and order demand on a monthly basis and upon request of R&E as described in section 2.1. The Vendor shall also provide designated R&E staff and designated R&E contractors with access to order lists and/or individual order or Participant data upon request.

### **2.4 Fees & Payment**

R&E has identified the following industry-standard requirements for fee structure. Proposers are to provide prices for the services described in this RFP. The prices provided are intended to include all costs required to provide all services requested in this RFP from coordination with DCB manufacturer to receive bags to delivery of the bags to Program Participants including delivery of bags to the Ramsey and Washington County food scrap program sites (anticipated to be one to two delivery location per County). In general, costs include, but may not be limited to, warehousing and general care and inspection of DCBs, inventory/order management, shipping and handling to Participants, documentation, equipment and labor services. The Proposer shall provide all costs necessary to provide the services requested in this RFP in their proposal, using Attachment 6 (Price Worksheet).