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Prepared by

International City/County Management Association (ICMA)

Final Report
Review of Tenders
Private Provision of Refuse Collection
Gaborone South

October 1993

Prepared by:

Ted Siegler

for:
Tender Panel
Gaborone City Council
and
USAID, Botswana

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*The views herein are those of the authors and do not necessarily represent those of the
U.S. Agency for International Development*

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INTRODUCTION

During 1991 the Gaborone City Council (GCC) began development of a long term solid waste management strategy. The GCC was assisted by the International City Managers Association, USA (ICMA) with financial assistance provided by the United States Agency for International Development (USAID).

One of the recommendations for improved solid waste management in Gaborone was the privatization of refuse collection services for the Gaborone South area.

The Tender process began on 7 May, 1993 with a Request For Qualification Statements from interested private firms. Ten qualification statements were received. Six firms were subsequently deemed to have met the minimum qualifications. These firms were invited to submit Tenders based on a formal Request For Tenders issued on 18 August 1993.

A Pre-Tender meeting attended by all six pre-qualified firms was held on 21 September 1993. Minutes of the Pre-Tender meeting, clarifying several points in the Tender Documents were prepared immediately following the meeting and provided to each pre-qualified firm.

Five Tenders were received by the GCC on 4 October 1993, at which time the Tenders were publicly opened and the Form of Tender read aloud.

The five Tenders were reviewed by the ICMA consultant and a preliminary report submitted to the Tender Panel on 11 October 1993. The Tender Panel authorized the ICMA consultant to contact each of the five Tenders and arrange individual interviews to clarify questions resulting from the initial review of the Tenders.

The Tender Panel appointed Mr. F.L Masenya, Chief Health Inspector and Mr Padhattmantha, City Engineer, or his designates, to participate in the interviews along with the ICMA consultant.

This Final Report to the Tender Panel ranks the five Tenders in terms of price, technical expertise and risk. Recommendations to the Tender Panel concerning the most qualified, least cost firm available to provide refuse collection services in Gaborone South are then presented. The recommendations are based on a technical review of the Tenders together with detailed interviews of each of the five Tenderers.

PROCEDURE

The preliminary report to the Tender Panel presented an initial comparison of prices from the five Tenders, but noted that it was impossible to compare prices equally because of questions about how the prices were calculated in some of the Tenders. Additional questions concerning technical qualifications, financial strength, and management capabilities were also raised which could affect the final cost, as well as potential risks to the GCC. Appendix A contains a copy of the Preliminary Report to the Tender Panel.

After Tender Panel authorization to conduct interviews of the five Tenderers, a detailed set of questions on each Tender was prepared by the ICMA consultant and reviewed by the Chief Health Inspector and the City Engineer. The set of questions for each Tender was then finalized, and used as the basis for the interview with each of the Tenderers. The set of questions are attached herewith as Appendix B.

Questions for each Tenderer focused on areas of potential weakness which might affect the ability of the Tenderer to perform the refuse collection service. Each Tenderer was also asked questions to clarify the Base Tender Price and the potential for future escalation of the Base Tender Price.

Interviews

Interviews were conducted in Mr. Masenya's office between 19 October and 21 October 1993. Each Tenderer was contacted by telephone to schedule an interview. The basic questions of concern, as initially presented in the Preliminary Report to the Tender Panel, were explained to the Tenderer, so that they could be better prepared on the day of the interview.

Interviews were conducted by Mr. Masenya, Chief Health Inspector; Mr. Siegler, ICMA/USAID Consultant; Mr. Kuphe, Senior Sewage Engineer; and, in three cases, Mr. Sekgomanyane, Deputy City Engineer.

Each interview was conducted using a standard agenda (Appendix C). Mr. Masenya chaired the interview and began each interview by informing the Tenderer that minutes of the interview would be kept and would become part of the contract should that Tenderer be awarded the contract.

Mr. Siegler then presented the prepared interview questions. These were followed up by questions from the interview committee. Finally, each Tenderer had an opportunity to address any areas of concern, and present a summary of their Tender. Appendix D contains a copy of the minutes of each interview.

EVALUATION OF TENDERS

Importance of This Tender

Privatization of refuse collection services in Gaborone South represents the first attempt by the GCC to implement privatization of one of the civic services in Gaborone. The success of this pilot privatization effort will be crucial to the long-term efforts of the GCC to improve efficiency in the provision of civic services. The results will also be used to assist the Government of Botswana in replicating the privatization of civic service programs in other municipal centers.

Because of the unique nature of this tender, it is especially important that the risk of failure be minimized. In addition, the price of the contract is important because one of the purposes of privatization is to reduce costs through increased efficiency.

Criteria Used To Rank Each Tender

Each of the five Tenders was evaluated, based on the Tender response and the subsequent interview, using three criteria. These criteria were:

- (1) Technical Expertise
- (2) Base Tender Price
- (3) Other Factors Affecting Risk

Three factors potentially affecting risk, in addition to technical expertise, were evaluated:

- (1) Price Escalation Conditions
- (2) Knowledge of Local Conditions
- (3) Financial Strength

Technical Expertise

This criteria relates specifically to experience in solid waste collection. Tenderers with significant solid waste collection experience are ranked the highest under this criteria. This is because previous experience reduces the potential for errors in the initial pricing of the Tender, as well as the risk of problems developing during initial implementation. However, because the Request for Tenders did not require solid waste collection experience, experience in the provision of related services is acceptable, if supported by qualified consultants with relevant collection experience.

Base Tender Price

This criteria is based purely on the base tender price summed over three years, assuming no increase in statutory prices. All five Tenderers requested increases in the base price due to statutory increases, or an equivalent index. Therefore, the potential for increases in the base price due to statutory increases can be ignored for purposes of comparing Tenders. Table 1 presents the final comparison of Tender prices.

Only one firm, Daisy Loo Botswana, presented prices under both Alternate 1, in which the GCC would purchase the necessary trucks and skips, and Alternate 2. To compare Daisy Loo's price under Alternate 1, with Alternate 2 prices presented by all five Tenderers, the estimated cost of trucks and skips was added to Daisy Loo's base price in year one under Alternate 1.

Wade Refuse presented an partial Alternate 1, where Wade Refuse would acquire the trucks and the GCC would acquire the skips. For purposes of comparison, the average cost of skips, based on the other Tenders, was added to Wade Refuse's first year base price under this alternative.

Two firms, Wade Refuse and Unitrans presented a reduced base price if the GCC extended the contract to either five or six years, respectively. These base prices are also incorporated in Table 1.

Other Factors Affecting Risk

Risk to the GCC is a subjective evaluation of the potential for the base price to increase due to factors other than statutory price increases. Risk is reduced by selecting a firm with strong technical expertise. However, the importance of technical expertise can be reduced or increased based on at least three criteria, which were used to judge risk.

Price Escalation Conditions

Each Tender took a different position concerning conditions under which the base tender price would be increased. Tenders with the fewest conditions received the highest ranking.

Knowledge of Local Conditions

The ability to phase in this pilot project and gain public acceptance, especially in Old Naledi, is affected by the knowledge of local conditions. The highest rankings went to Tenderers who demonstrated this knowledge in the Tender response and in the interview.

TABLE 1. FINAL COMPARISON OF TENDER PRICES, TENDER # 18,
REFUSE COLLECTION SERVICES, GABORONE SOUTH

TENDER	Year 1 (P\$)	Year 2 (P\$)	Year 3 (P\$)	Total (P\$)
WADE REFUSE/GEMSHIPPING				
Alternate 2, Skips included	1680000	1680000	1680000	5040000
Alternate 2, Skips provided by GCC (1)	2106975	1440000	1440000	4986975
Alternate 2, Skips included, 5 yr	1584000	1584000	1584000	4752000
DAISY LOO BOTSWANA				
Alternate 2, Skips included	2461432	1839710	1839710	6140852
Alternate 1, GCC provides skips & trucks (2)	2957511	1248642	1248642	5454795
SKIP HIRE/WASTE-TECH				
Alternate 2, Skips included (3)	4299434	3219434	3219434	10738302
UNITRANS				
Alternate 2, Skips included (4)	1546660	1499160	1499160	4544980
Alternate 2, Skips included, 6 yr (4)	1382416	1334916	1334916	4052248
KGALAGADI TRUCKING SERVICES				
Alternate 2, Skips included	2490165	1807565	1807565	6105295

NOTES:

- (1) An average unit price of P2 223 was added for 300 skips to year 1 cost
- (2) Three trucks @ P345 875 each plus 300 skips @ P2223 each were added to year 1 cost
- (3) P1 080 000 was added to year 1 cost for refuse bin purchases required under this Tender
- (4) A one time skip delivery charge of P47 500 was added at the request of Unitrans

Financial Strength

The risk to the GCC is substantially reduced if the private firm has the financial strength and adequate resources to fund increased costs due to unforeseen circumstances.

Ranking System

Ranking of the Tenders based on the criteria described above was done using a point system that assigned a maximum of 5 points to the highest ranked Tender for each criteria. Five points were used because there were five Tenders. In some cases, more than one Tender might receive an equal ranking on one of the criteria

Both price and technical expertise can be objectively evaluated and are the most significant criteria. To account for this, price and technical expertise were weighted by doubling the resulting scores for each Tender for these two criteria.

Results of Ranking

Table 2 presents the results of the ranking system. As illustrated by Table 2, the five Tenders are ranked as follows:

- (1) Wade Refuse/Gemshipping
- (2) Unitrans
- (3) Daisy Loo Botswana
- (4) Skip Hire/Waste-Tech
- (5) Kgalagadi Trucking

TABLE 2. FINAL RANKING OF TENDERS FOR REFUSE COLLECTION, GABORONE SOUTH

CRITERIA	WADE REFUSE	UNITRANS	DAISY LOO	WASTE TECH	KGALAGADI TRUCKING
PRICE	8	10	6	2	6
TECHNICAL EXPERTISE	10	4	6	10	2
RISK					
Price Escalation Conditions	3	4	4	1	2
Local Knowledge	2	3	5	5	3
Financial Strength	5	5	4	5	2
TOTAL	28	26	25	23	15

NOTES:

- (1) A larger number is a higher ranking
- (2) For Price and Technical Expertise the Tenders were ranked from 1 to 5 and then the score was doubled

RECOMMENDATIONS

Recommendations to the Tender Panel have been presented under separate cover to the Town Clerk.

To: Mrs. G. Kokorwe
Town Clerk, GCC

From: Ted Siegler *TRS*
ICMA/USAID Consultant

Date: 27 October 1993

RE: RECOMMENDATIONS, TENDERS FOR REFUSE COLLECTION
SERVICES, GABORONE SOUTH

Based on the ranking of Tenders contained in the Final Report to the Tender Panel, it is recommended that the GCC award the Tender to Wade Refuse, conditioned on successful negotiation of a contract with Wade Refuse within 60 days of the award of Tender. The combination of technical expertise and low Tender price are compelling reasons to award the Tender to Wade Refuse.

It is further recommended that Wade Refuse be notified of the conditional award upon Cabinet approval of the GCC budget in January 1994, containing the necessary funds for this privatization contract. The Tenders are only valid for 90 days from the date of submission on 4 October 1993. It is likely that Cabinet approval of the GCC budget will not occur before the expiration date of the Tenders. Therefore, it will be necessary for the GCC to formally notify each Tender during December informing them of the expected date for Cabinet approval of the GCC budget, and requesting a 30 day extension of the Tender price.

The GCC should be aware that the base Tender price proposed by Wade Refuse will increase if it is found that Gaborone South is generating more than 60 tons of refuse per day. Based on weight records from the newly installed weigh bridge at the landfill, it is possible that Gaborone South will exceed 60 tons per day during the life of the contract. Two other Tenders, Unitrans and Daisy Loo Botswana do not condition their tender price based on tonnage.

In the event the GCC is unable to reach agreement with Wade Refuse within 60 days of conditional award of tender, then the GCC should rescind its decision and make a conditional award to either Unitrans, the second ranked Tender, or Daisy Loo Botswana, the third ranked Tender. Unitrans is the second ranked Tender based primarily on a low tender price. However, each of these two Tenders has strengths and weaknesses which make it difficult to clearly choose a second place Tender, despite the differences in ranking.

It should be noted here that although both Wade Refus. and Unitrans included a lower Tender price for a longer contract period, the Request For Tenders did not include this option, and it is therefore unfair to the remaining Tenders to consider this option. In addition, given the pilot nature of this Tender, the relatively small amount of savings associated with awarding the contract for a longer period of time does not appear to warrant the increased commitment by the GCC.

Unfortunately, it is impossible to recommend Skip Hire/Waste Tech, despite their exceptional technical expertise and local knowledge, because their Tender price is so far above the other Tenders. Given their technical expertise, one would normally question the other Tender prices. However, Wade Refuse, with similar technical expertise submitted a much lower Tender price, consistent with the other Tenders.

Kgalagadi Trucking's lack of technical expertise, coupled with its lack of financial strength makes it difficult for Kgalagadi to compete with the other Tenders. This is despite an excellent effort during the Tender process to address these weaknesses.

Finally, it is important to note that all of the Tenderers put forth a significant effort, both in time and money, during preparation of the Tender and during the subsequent interviews. Although only one Tender can be selected at this time, the GCC should be encouraged by the fact that there is significant interest and expertise available to Botswana for the private provision of collection services.

**PRELIMINARY REPORT TO
TENDER PANEL**

To: Tender Panel, Gaborone City Council TKS
From: Ted Siegler, ICMA Consultant, (USAID Project No. 633-0255)
Date: 11 October, 1993
Re: Preliminary report, review of tenders for Refuse Collection System

The Gaborone City Council received five (5) tenders for the provision of refuse collection services in Gaborone South. This preliminary report presents to the Tender Panel the results of the initial review of each tender. Included are specific questions for each Tenderer resulting from the initial review, an initial comparison of prices, and a list of questions on none-monetary issues which may be of concern to the Tender Panel.

It is hoped that upon review of this preliminary report the Tender Panel will authorize me to contact each of the five Tenderers to review the questions outlined in this preliminary report, plus any other questions that may come up in the course of the interview.

It is my current intent to meet with each of the Tenderers between 14, October and 20, October, and to prepare a final report for distribution to the Tender Panel on 22, October. I will keep the Tender Panel informed of my progress over the next two weeks so that the Tender Panel will be aware in advance of any changes to this schedule. If it is appropriate, I believe it would be helpful if one or more of the members of the Tender Panel were to participate in the interviews with the Tenderers.

Results of Initial Review of Tender Documents

Five Tenders were returned to the GCC from the six short listed firms. Based on an initial review of the Tender documents, the five Tenders can be divided into three categories, as follows:

(1) Tenderers with a significant amount of solid waste collection experience who should be capable of contracting for and carrying out the services specified in the Tender document with a minimum of supervision by the GCC. These Tenderers include Wade Refuse/Gemshipping and Skip Hire/Waste-Tech.

(2) Tenderers with a minimum amount of solid waste collection experience who have demonstrated as part of their Tender response a sufficient understanding of the specified services so that they should be able to provide private refuse collection to Gaborone South if there is sufficient supervision by the GCC during final development of the collection plan and implementation of the collection system. These Tenderers include Daisy Loo Botswana and Unitrans Group.

(3) Tenderers with a minimum amount of solid waste collection experience who did not adequately demonstrate as part of the Tender response the capabilities to carry out the specified services. Kgalagadi Trucking falls within this category.

Tender Prices

Table 1 presents a preliminary analysis of the Tender prices. It is important to note that Table 1 has been prepared without an opportunity to clarify the many questions which I have about each of the Tender documents. Therefore, it is likely that the Final Report, comparing "apples to apples" may present significantly different results.

Based on the preliminary analysis it appears that at least three Tenders are within the range of costs for private collection estimated in August, 1993 (see Attachment A). These Tenders are also less than estimated costs for the current provision of collection services by the GCC. The lowest Tender prices would save the GCC approximately P300 000 annually despite the investment in new trucks and skips.

Questions For Each Tenderer

Wade Refuse/Gemshipping

(1) Unit prices for purchase and placement of skips must be specified, as required in the Tender document.

(2) The Tender price is based on maximum of 60 tonnes per day. Does this mean that an additional charge will be made to the GCC for tonnage in excess of 60 tonnes per day? If yes, what is the charge? Over what time period will the 60 tonnes be calculated?

(3) What is the time period over which skip placement will be phased in? What will the charge be, if any, if additional skips are necessary? Will there be any additional charge if certain skips require more frequent collection than once per week? Will there be a reduction in the annual cost if less than 300 skips are placed in service?

(4) How many labourers does Wade Refuse anticipate hiring, and at what rate?

Skip Hire/Javelin/Waste-Tech

(1) It is difficult to determine actual annual costs from the Tender response. Does the P3 219 434 include the first year initial payment of P2 000 000? If so does that mean that future years are P1 219 434? Does the P2 000 000 payment reduce GCC's future cost by P55 555 or Skip Hires cost?

(2) The Tender response states that if the number of services increase there will be an increase in GCC's cost. How does Skip Hire propose to determine the base from which to adjust the price (e.g., Tender estimate, initial count)?

(3) The tender price is based on a lift rate of once per week for households, with an additional charge above that. The Tender document states that all households will receive twice per week service. Please explain the discrepancy.

(4) The tender price is based on 300 lifts of skips in total per month. Does this mean service of 300 lifts as necessary per month, or only one "lift" per month per skip, assuming

300 skips?

(5) The BHC is required under this Tender to alter all their present refuse bin holding areas to accommodate skips. How many skips would this entail? Are these skips included in the 300 skips Skip Hire is proposing to place and service every month? If not, what would the cost be to service these skips? What does Skip Hire estimate to be the cost of altering all of the BHC refuse bin holding areas at multi housing units?

(6) The Tender requires the GCC to purchase 4000 wheeled refuse bins. Does this mean that Skip Hire is planning on using mechanized collection for these bins? How is this consistent with the Tender Document specification that the contractor collect from the yard instead of the curb?

(7) How many drivers and labourers does Skip Hire plan to employ, and at what wage rate?

(8) The Tender response is contingent upon S.A. Exchange Control and Board of Frazer Alexander approval. Does Skip Hire anticipate any problems with either of these?

Daisy Loo Botswana

(1) Daisy Loo is proposing to complete a management plan for approval by the GCC. How long will it take to complete the plan? Will Daisy Loo prepare it, or will it be prepared by consultants?

(2) The Tender response assumes that only two trucks will be necessary, with a third as a back-up. If two trucks are not enough, will Daisy Loo or the GCC be responsible for the cost of a third truck plus labourers, maintenance, etc?

(3) It appears that Daisy Loo anticipates using Naledi Motors to service the trucks. Does Naledi Motors have hydraulic service specialists? Where does Daisy Loo plan to park the trucks and do regular maintenance and cleaning?

(4) One removal per week is envisioned for skips. What size skips are to be used? What about skips that need more frequent servicing such as skips with high amounts of food waste?

(5) The Tender response is based on a five day work week from 6 to 18hrs. How will Daisy Loo service all of the commercial area skips early in the morning starting as late as 6 and with only two trucks?

(6) Can Daisy Loo raise sufficient capital to purchase the required skips plus trucks under Alternate 2?

(7) What does Daisy Loo have budgeted for VWL consulting assistance during the first year?

(8) What does Daisy Loo expect to pay for labour?

(9) Is the unit price for skips a first year cost only?

Unitrans

(1) What is the lead time for equipment if Unitrans is awarded the contract?

(2) Is the unit prices for purchase and placement of skips the same as the reduction in cost for less skips on the Tender Form?

(3) Where will maintenance of vehicles occur?

(4) What labour rate is assumed and how many drivers and labourers are assumed?

(5) Where does Unitrans expect to get management with solid waste collection operational experience?

Kgalagadi Trucking Services

(1) Is the price for skips only a first year cost to GCC or an annual cost under Alternate 2?

(2) Where is the signed Form of Tender Surety and the Form of Intent For Performance Bond?

(3) How will Kgalagadi obtain qualified management with solid waste collection experience?

General Questions for Tender Panel

(1) How are incomplete Tenders handled? For example, Kgalagadi Trucking did not submit a Tender Surety or Intent for Performance Bond.

(2) How important are factors other than price in the selection of a contractor? These factors include at least the following:

- * Education plan
- * Amount of labour hired and proposed wage rate
- * Development of local expertise through use of local firm
- * Experience of firm in waste management

I look forward to meeting with the Tender Panel at your earliest convenience to discuss this preliminary report.

TABLE 1. PRELIMINARY COMPARISON OF TENDER PRICES, TENDER # 18, REFUSE COLLECTION SERVICES

TENDER	Year 1 (P\$)	Year 2 (P\$)	Year 3 (P\$)	Total (P\$)	Education (P\$)	COMMENTS
WADE REFUSE/GEMSHIPPING						
Alternate 2, Skips included	1680000	1680000	1680000	5040000	(?)	Based on maximum of 60 tonnes/day
Alternate 2, No skips	1440000	1440000	1440000	4320000	(?)	
Alternate 2, Skips included, 5 yr	1584000	1584000	1584000	4752000	(?)	
DAISY LOC						
Alternate 2, Skips included	2461432	1839710	1839710	6140852	15000	Not clear if skip payment is annual or first year only
Alternate 1, No trucks, no skips	1252917	1248642	1248642	3750201		
SKIP HIRE/WASTE-TECH						
Alternate 2, Skips included	3219434	3219434	3219434	9658302	169124	Gaborone required to purchase P1 080 000 bins first year BHC or GCC required to modify waste storage facilities at all multi-housing flats
UNITRANS						
Alternate 2, Skips included	1499160	1499160	1499160	4497480	Included	
Alternate 2, Skips included, 6 yr	1334916	1334916	1334916	4004748		
KGALAGADI TRUCKING SERVICES						
Alternate 2, Skips included	2490165	1807565	1807565	6105295	25000	

ATTACHMENT A

MEMO TO: Solid Waste Steering Committee

FROM: Jim Dohrman, P.E.

RE: Revised Collection Cost Estimates

DATE: Revised 11 August 93

I have spent nearly a full day reviewing past cost estimates and assessing existing conditions in an attempt to provide the Committee and GCC with the best realistic estimate of current GCC costs and anticipated Tender costs from private contractors to provide refuse collection and transport services to Gaborone South. This process has been very difficult due to the time span since the first estimates were prepared in 1991 and the many changed conditions and assumptions that have been made.

Due to the sensitive nature of these estimates, considering the upcoming Tender for these services I will present only summaries of my conclusions so as not to release any information that may influence the Tendering Process. All persons receiving a copy of this memo shall consider the contents as confidential and will not release any information to other parties.

GCC COSTS

The first exercise was to determine the existing GCC costs to collect and transport refuse in the service area. At the time that this memo was prepared I had received a detailed breakdown of existed labor costs but had not received data on equipment or operation and maintenance costs, which have been estimated. In summary, the GCC uses 86 labourers and 1 drivers, 9 collection vehicles and two tractors to collect refuse in Gaborone South. Total estimated labour and protective clothing was P 662 889. Adding estimates for administration and benefits the total labour is estimated to be P 914 786.

Equipment includes 4 contractor trucks, 5 non-compaction trucks and 2 tractors with trailers. In order to compare GCC costs to private Tenders, I have assumed three year capitalization of these vehicles at current prices and 8% interest. Although the service area includes many tractor hauled skips, these were not included in the estimate. Total cost of the vehicles is estimated at P 1 894 000 which computes to an annual cost of P 734 930.

Operation and maintenance costs were estimated for fuel consumption, maintenance and repair at P 200 000 per year, based on information obtained from the GCC.

Work performed in March and April of this year determined that there are 8 356 units to be serviced in Gaborone South, including residential commercial and office plots. Assuming 2 pick-ups per week this results in 869 024 units serviced per year.

The existing GCC cost estimate is summarized as follows:

1. Labour Costs	P 914 786
2. Vehicles and Equipment	P 734 930
3. Operation and Maintenance	P 200 000
TOTAL ANNUAL COST	P 1 849 719
UNIT COST (869 024/y_r)	P 2,13 per unit

This estimate compares favorably with the Phase 1 estimates of P1,70, P2,49 and P2,28 for the three types of collection vehicles.

PRIVATE CONTRACTOR COSTS

Private contractor costs have been estimated based on current equipment costs, estimated labour rates and assumed levels of efficiency in the number of units to be served in one day. Since a private contractor has greater flexibility to determine hours of operation and scheduling of equipment, the actual Tender amounts may vary widely from this estimate.

Equipment costs were estimated assuming 3 new 19 cubic metre compactors, two tractors with skip trailers and 285 new skips to replace commercial and office bins. Although a previous estimate assumed 4 trucks, a recalculation revealed an error in the earlier estimate and 3 trucks should be adequate for both regular and standby service. If additional labour were added to each truck, two trucks could handle the service area (excluding Old Naledi). For the purpose of this estimate we will assume 3 new compaction trucks. The estimate assumes that the equipment is supplied under Alternate 2, supplied by the Contractor. Total equipment is estimated at P 1 670 890 which equates to P 695 641 per year.

Due to the higher efficiency of the compaction trucks and the use of skips rather than bins in commercial areas, the private contractor will use significantly fewer staff, estimated at 38. Total labour costs including administration, benefits and profit is P 634 780 per year.

~~Operation and maintenance costs for the private contractor is estimated at P 181 050 which is significantly higher than the GCC amount since the Contractor will be establishing new office and maintenance facilities where the GCC is sharing existing facilities with other operations.~~

The private contractor costs are summarized as follows:

- | | |
|------------------------------|-----------|
| 1. Labour Costs | P 634 780 |
| 2. Vehicles and Equipment | P 695 641 |
| 3. Operation and Maintenance | P 181 050 |

TOTAL ANNUAL COSTS P 1 511 471

UNIT COST (869 024/yr) P 1,74

SUMMARY

At an estimated annual cost of P 1 511 471 the private contract cost is P 338 248 less than the existing GCC costs. The estimate of private contractor costs has included some conservative assumptions that may not be appropriate and actual Tenders under competitive circumstances may result in even greater savings to the GCC.

REVISED COST ESTIMATE
GABORONE SOUTH - REFUSE COLLECTION
(REVISED 11 AUGUST 1993)

EXISTING GCC SYSTEM:

LABOUR

1. Labour Weekdays:

12 Drivers @ P 7 979	P 95 736
74 Labourers @ P 4 345	P 321 562
Charge Hand Allowance	P 5 682
Dirt Allowance	P 27 904

Saturdays:

12 Drivers @ P 3 143	P 37 715
74 Labourers @ P 1 712	P 126 676

Sundays:

4 Drivers @ P 3 143	P 12 572
10 Labourers @ P 1 712	P 17 118

SUBTOTAL	P 644 965
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2. Protective Clothing:

Drivers 12 @ P 150	P 1 800
Labourers 74 @ P 190	P 14 060
Soap 86 @ P 24	P 2 064

SUBTOTAL	P 17 924
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TOTAL	P 662 889
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Administration & Supervision @ 15%	P 99 433
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SUBTOTAL	P 762 322
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Benefits @ 20%	P 152 464
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TOTAL LABOUR	P 914 786
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EQUIPMENT

4 Compactors @ P 250 000	P 1 000 000
5 Non Compaction Trucks @ P 150 000	P 750 000
2 Tractors @ P 46 000	P 92 000
2 Trailers @ P 26 000	P 52 000

SUBTOTAL P 1 894 000

ANNUAL COST - 3 Years at 8% P 734 930

OPERATION & MAINTENANCE

Maintenance & Repair:

Compactors	P 90 000
Non Compactors	P 45 000
Tractors	P 8 000
Fuel	P 51 500
Miscellaneous	P 5 500

TOTAL O & M P 200 000

TOTAL ANNUAL COST P 1 849 719

UNIT COST (869 024 units/yr) P 2,13

PRIVATE CONTRACTOR

LABOUR

4 Compactor Drivers @ P 13 500	P 54 000
12 Collection Labourers @ P 9 000	P 108 000
18 Labourers - Ext 13 @ P 6 240	P 112 300
2 Mechanics @ P 18 000	P 36 000
2 Yard Labourers @ P 9 000	P 18 000
1 Dispatch/Clerk @ P 10 500	P 10 500
1 Accounts/Pay/Clerical @ P 12 000	P 12 000
2 Foremen @ P 20 000	P 40 000
1 Manager @ P 50 000	P 50 000

SUBTOTAL P 440 800

BENEFITS @ 20% P 88 164

SUBTOTAL P 528 964

PROFIT @ 20% P 105 633

TOTAL LABOUR P 634 597

EQUIPMENT

3 Compactor Trucks @ P 345 873	P 1 037 619
2 Tractors @ P 46 000	P 92 000
2 Skip Trailers @ P 26 000	P 52 000
1 Base Radio & 8 Receivers	P 30 000
1 2 x 4 Supervisor Vehicle	P 35 000
Office Equipment	P 5 000
135 (4.58 CM) Skips @ P 1 244	P 167 940
150 (6.11 CM) Skips @ P 1 675	P 251 250

TOTAL EQUIPMENT P 1 670 809

ANNUAL COST 3 yrs @ 12% P 695 641

OPERATION & MAINTENANCE

Insurance & Licenses	P 15 000
Office & Depot Lease	P 20 000
Utilities, Telephone, etc.	P 10 000
Office Supplies	P 3 000
Uniforms	P 9 500
Fuel - Compactors	P 30 375
Fuel - Tractors	P 4 000
Fuel - Supervisor's vehicle	P 3 000
Oil & Grease	P 10 000
Spare Parts Inventory	P 35 000
Tires	P 11 000

SUBTOTAL O & M P 150 875

PROFIT @ 20% P 30 175

TOTAL O & M P 181 050

TOTAL ANNUAL COST P 1 511 288

UNIT COST (869 024 units/yr) P 1,74

APPENDIX B

FINAL INTERVIEW QUESTIONS

INTERVIEW QUESTIONS

UNITRANS GROUP

(19 October 1993)

(1) Unitrans does not currently have expertise in the collection of solid waste. The Tender states that Unitrans will pool resources with Waste Master Systems. Could you elaborate on what role Waste Master Systems will play in this new venture. What contracts has Waste Master Systems undertaken for solid waste collection? Could you provide references?

(2) The Tender states that Mr. Crampton and Mr. Simpson have significant experience in waste management. How much of the experience is associated with managing a solid waste collection system? Where are Mr. Crampton and Mr. Simpson located? Will one of them leave his current sales position to manage this project? If not, will Mr. Swift become manager of this new project? Will this be in addition to his current duties? If not, who will be the manager?

(3) What training programs for local employees will you be providing. Do these include management training programs?

(4) Does the Unitrans Group plan to form a new subsidiary for this project? If so, what will the financial arrangement be between the Unitrans Group and this new subsidiary, and will the new subsidiary be able to rely on an infusion of funds in the event it is necessary? If so, is there a limit to what this infusion might be?

(5) Because of the uncertainty over the number of skips which must be placed in to adequately service Gaborone South, the Tender request envisioned that the GCC would pay only for the skips actually placed. Your Tender Form lumps skips in with the overall collection cost. However, you do provide a per skip deduction in the event not all the skips are placed. Is this reduction equivalent to a unit price for the skips?

(6) Over what time period do you anticipate placing the skips? How will you notify the public of the change from bins to skips?

(7) You did not provide skip specifications in your tender document. Do you have a problem with a requirement that the skips meet general industry standards and that the GCC has a right to

review and approve to the skip specifications? Will the skips be fabricated locally?

(8) Your Tender does not separate out the public education component, or provide details on the proposed public education program. Could you elaborate on what the estimated cost of this program is, and what it entails?

(9) The table on page 7 of the Tender shows 1,734 housing units receiving one collection per week, with all the rest receiving twice per week collection. Could you explain this?

(10) We are concerned about accessibility of skips after 7:30 in the morning given traffic and parking. How many skips do you believe you can service between 6:00 and 7:30? Will this be sufficient to assure access to all the skips you need to service on any given day?

(11) What commitment from the City Council would be sufficient for you to go forward with ordering the trucks and skips, given the fact that a budget including this project will not be approved until April 1993?

(12) Over what time period are you capitalizing your trucks?

(13) If you are capitalizing them over 3 years will they become the property of the GCC at the end of the contract?

(14) Is the correct interpretation of the proposed price fluctuation clause that the Annual Lump Sum Base Price, adjusted for the actual number of skips placed in service would be multiplied by 4 percent, and that portion of the base price would be adjusted whenever there was an escalation in fuel prices? What if fuel prices decline? Is this calculation done on a monthly basis? How much has fuel escalated over the past three years?

(15) The remaining 96 percent of the Annual Lump Sum Base Price would escalate based on Table L - SEIFSA index of road freight costs. What components are included in this index (e.g., labour, fuel, capital cost of equipment), and why did you choose this index instead of, say, a broader inflation index?

(16) Why should the GCC agree to this proposed price inflation clause as opposed to the price fluctuation clause in the Request for Tenders?

(17) How many drivers and labourers do you intend to employ, and at what wage rates? What other benefits will they receive, if any?

(18) You are aware that the City is growing rapidly. Have you accounted for this in your Annual Lump Sum Base Price? Are there any other factors that could increase the base price other than the change in the inflation index and in fuel costs?

(19) You don't propose to use the Village Development Committees in Old Naledi. Do you think you can manage the collection system there without them?

(20) Who will prepare the collection routing system for you? How long will it take once the contract has been signed?

INTERVIEW QUESTIONS

KGALAGADI TRUCKING

(20 October 1993)

One of the objectives of this privatisation contract is to develop local business experience. Therefore, the fact that you presently do not have solid waste collection experience does not exclude you from being considered for this contract. However, because of the size of your company compared to the size of this contract, and your lack of solid waste collection experience, it is important that we fully understand how you intend to manage this contract, if it were to be awarded to Kgalagadi Trucking. Therefore, we would like to begin with a series of questions on this issue.

(1) The most recent financial statement we have from you is though 30 June 1992. While this statement appears to be properly prepared it is not signed by an accounting firm. Could you please provide us by this Friday morning with your most recent financial statement, prepared by an independent auditing or accounting firm, and covering at least the period through June 1993.

(2) What is the largest contract that your company currently has?

(3) If you were to be awarded this contract how long would it take you to order and receive the trucks and skips necessary to carry out the contract? Would you lease the trucks or purchase them? If you were to purchase them, how and where do you expect to arrange financing? What discussions have you had with this financial institution concerning acquisition of this equipment?

(4) Are you capitalizing the trucks over the three year life of the contract. If so, would the trucks become the property of the GCC at the end of the contract period?

(5) What is the relationship between Southern Star Development Company and Kgalagadi Trucking? Is Southern Star Development located in Gaborone? To what extent will they be assisting with financing?

(6) Given your current business obligations, how do you expect to manage adding such a large contract? Who will be the manager for this contract? What solid waste collection experience does this manager have?

(7) What do you have budgeted in your current Tender for consultation fees for Bergman Environmental? Who at Bergman Environmental will be in charge of providing you with consultation? What experience does this person have in solid waste collection?

(8) Turning to the Form of Tender, you list unit prices for the skips totaling P682 600. Can we assume that this is a first year cost for the skips, and that in subsequent years the annual cost will be P1 807 565?

(9) Appendix A indicates that all of your costs will be subject to the price fluctuation clause. This means that when ever there is an increase in the published price, in other words a statutory increase, that you are eligible for an increase in your base price. Are there any other circumstances under your Tender when you believe you would be eligible for a price increase?

(10) Will you be preparing a collection routing plan? Who will prepare this, and how long will it take?

(11) We received a Form of Tender Surety which we assume is yours. However, it is not completed correctly and does not include Kgalagadi Trucking on the form. Can you provide us with a correct form no later than Friday morning?

INTERVIEW QUESTIONS

WADE REFUSE/GEMSHIPPING

(20 October 1993)

(1) Your Tender document states that you will attempt to appoint and train a local candidate to take over full contract operations within the first year. Could you expand on what your efforts would be and give examples of other areas where you have done this?

(2) How many drivers and labourers do you plan on hiring and at what wage rates. What benefits will they be eligible for?

(3) Will Wade Refuse form a new subsidiary to perform this contract? If so, what will the financial arrangement be between the subsidiary and the parent company? Will there be any limit on the infusion of funds in the event the subsidiary was unable to complete the contract as bid?

(4) Because of the uncertainty over the number of skips that may ultimately need to be placed, the Tender request specified that you provide a unit price per skip. Your Tender does not do this. Can you provide us with a unit price either today, or no later than tomorrow morning? Will you agree that the Base Tender Price will be adjusted down by that unit price for every skip that isn't placed, up to 300 skips?

(5) You state that the skips will be manufactured in Gaborone. Could you tell us what the lead time will be to fully place necessary skips from the time that a contract is signed? Will the skips meet general industry standards, and will GCC have the ability to review and comment on the skip specifications?

(6) Your Base Tender Price is based on the number of services tabulated on page 25 of the Tender Document and a maximum of 60 tonnes per day. Could you please elaborate on this condition, and describe to us what the impact on the Base Tender Price will be if services or tonnage are greater than anticipated? Of special interest is the time period over which the 60 tonnes would be calculated, given potential fluctuations in waste generation.

(7) Will your Tender price vary with changes in statutory prices or only if there are changes in maximum services and tonnage?

(8) Because you intend to capitalize the equipment over the life of the contract, would you be willing to turn the trucks over to the City at the end of the contract?

(9) If not, would you be willing to stipulate to a purchase price for the trucks based on their depreciated value at the end of the contract at the time of signing of the contract?

INTERVIEW QUESTIONS

SKIP HIRE/JAVELIN/WASTE-TECH

(21 October 1993)

(1) It is difficult to determine actual annual costs for the GCC based on your Form of Tender. Is the P3 219 434 the actual annual cost for each of the three years? Is the P2 000 000 just an up-front payment of a portion of the first year cost, or is it in addition to the annual cost, or a reduction? What is the P55 555 reduction based on the P2 000 000 up-front payment?

(2) Please clarify the condition that if the number of services increases there will be an increase in GCC's costs. How is the initial number of services to be calculated? What will the increase in costs be for additional services?

(3) The Tender Document requires twice per week service to all residential units, yet it appears that 4000 residents would only receive once per week service under your Tender. Please explain.

(4) Are you proposing mechanized collection for the 4000 residential units that you are requiring the GCC to acquire plastic carts for? Also, the Tender request requires pick up in the yard yet your response seems to suggest that you will require the carts to be placed at the curb. Please explain.

(5) Could you tell us how many drivers and labourers you intend to hire and what their wages and benefits would be?

(6) The Base Tender Price is based on 300 "lifts" of skips per month. Could you clarify what you mean by this. For example, does that mean that the GCC will have to pay additional monies for more than one lift per skip per month, or does it mean that they will have to pay more for every skip over 300 placed in service no matter how many lifts there are for each skip?

(7) Roughly, what percent of your current skip hire business is in the Gaborone South area? How would this current business be integrated into this contract? For example, would you continue to use the skips located in Gaborone South as part of the 300 skips?

(8) Under your proposal, the BHC is required to modify their present bin holding areas to accommodate skips and either BHC or the GCC is responsible for the cost. Why can't these skips just be

placed adjacent to the bin holding areas or in another location? How many new skips do you estimate would be required, and would this also be an increase in costs?

(9) The Tender response is contingent upon South African Exchange Board and the Board of Frazer Alexander approval. Given that you are a local company, why is this provision included? Do you anticipate any problems with either of these?

(10) Are you capitalizing the trucks over the life of the contract? If so will you be willing to turn them over to the GCC at the end of the contract?

(11) Your Base Tender Price is the highest of all the Tenders we received. Could you give us some reasons why it would be worth the cost to the GCC to contract with you?

INTERVIEW QUESTIONS

DAISY LOO BOTSWANA

(21 October 1993)

One of the purposes of the solid waste privatisation is to increase local business expertise. Therefore, Daisy Loo's lack of solid waste collection experience does not exclude you from being considered for this contract. However, there would be increased risk to the GCC associated with selecting Daisy Loo. Therefore, it is important to fully understand your management plan and the extent of your financial resources. The first set of questions focus on this issue.

(1) Do you now have a completed financial statement through June, 1993? If so could you provide it to us by tomorrow morning?

(2) If you are awarded the contract under Alternate 2 it will be necessary for Daisy Loo to acquire close to P1 000 000 of new skips and refuse collection vehicles. How do you intend to finance this amount? Will some of the equipment be leased or will it all be purchased?

(4) It is our understanding that the Bank Of Botswana places restrictions on the ability of banks in Botswana to loan funds and that one of the restrictions is that the borrower must have unencumbered assets equal to the amount being borrowed. A review of your financial statements indicates that this would not be the case for Daisy Loo. How do you plan on overcoming this issue?

(5) You are only proposing to utilize three rear loading compactor trucks for this contract. This is less than any of the other tenderers. If you find that it is necessary to increase the number of trucks, will you have the financial ability to do so? Would the cost of the new truck plus the attendant operating costs be at your risk, or would you be looking to the GCC for an increase in the Tender price?

(6) Are you planning on fully capitalizing the trucks over three years? If so, would they become the property of the GCC at the end of the contract?

(7) Is the unit cost for purchase and placement of skips on the Form of Tender a first year cost only, or is it an annual cost? That is, in year two, is the Base Tender Price P1 839 710?

(8) Given your current business obligations, how do you plan to manage such a large new contract? Will you be adding additional managers? If so, where will you get them?

(9) You are proposing to complete a management plan for approval by the GCC. How long after being awarded the Tender would it take you to complete the management plan? Will VWL be involved in preparing the plan?

(10) How much do you have budgeted for VWL in annual fees? Who at VWL will be primarily responsible for doing the work?

(11) Will your management plan include a complete routing plan on a street by street basis?

(12) Your Tender proposal assumes one removal per week per skip? It is likely that some skips will require more frequent service, especially ones with a significant amount of food waste. Is there sufficient capacity, using only three trucks (one of which is likely to be unavailable due to repairs on any given day) to service all necessary skips?

(13) The Tender response is based on a five day work week from 06:00 to 18:00 hours. How will you service all of the commercial skips in high density/traffic area between 06:00 and 07:30 in the morning given the trucks you are proposing. For example, assuming 300 skips, it will be necessary for you to service a minimum of 60 skips per day just to complete one service per week. Assuming a minimum of 5 minutes per skip, plus another 5 minutes in drive time per skip, it will take a dedicated truck almost 10 working hours to service 60 skips.

(14) You are proposing to use Naledi Motors to service your trucks. Does Naledi Motors have hydraulic service specialists? Where do you plan on parking the trucks at night and performing day to day service?

(15) What have you budgeted for a daily rate for drivers and labourers? What additional benefits are Daisy Loo employees eligible for?

(16) It is unclear from the Tender response whether Daisy Loo Portable Toilet Hire & Fibre Glass will be the company carrying out this contract, or whether you plan on forming a new company. Could you explain the relationship between Daisy Loo Botswana and Daisy Loo Portable Toilet Hire?

(17) How large a line of credit do you have with Standard Charter Bank? Do you expect to increase this if you are awarded this contract?

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(18) Can we assume that your Base Tender Price will remain the same for three years except for statutory changes in prices? Can you foresee any other circumstances where your base price would increase?

(19) You specify that trucks and skips will be eligible for the price fluctuation clause, however, you do not provide a base price for the trucks. Could we get the base price for the trucks?

APPENDIX C

INTERVIEW AGENDA

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AGENDA
TENDER INTERVIEWS
GABORONE SOUTH REFUSE COLLECTION

INTRODUCE INTERVIEW PANEL (Mr. Masenya, Chief Health Inspector)

INTRODUCE TENDERER MEMBERS PRESENT

EXPLAIN PURPOSE OF INTERVIEW AND TENDER PANEL PROCESS

EXPLANATION THAT MINUTES WILL BECOME PART OF TENDER AGREEMENT

GO THROUGH PREPARED QUESTIONS

ENTERTAIN ADDITIONAL QUESTIONS FROM INTERVIEW PANEL

ENTERTAIN QUESTIONS BY TENDERER

SUMMARY

INTERVIEW MINUTES

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MINUTES

**UNITRANS GROUP
(19 October 1993)**

Present:

Unitrans Group: William Masson, Mike Steel, Brian Swift

GCC: F.L. Mesenya, Chief Health Inspector; J.S.N. Kuphe, Senior Sewage Engineer; M.C. Sekgomanyane, Deputy City Engineer

ICMA/USAID Consultant: Ted Siegler

Minutes:

William Masson presented a brief overview of the Unitrans Group. They currently operate a fleet of 880 vehicles throughout southern Africa. Their depot in Gaborone employs 35 people and the depot in Francistown, 22 people.

Waste Master Systems performs no contract solid waste collection business. They are a supplier of equipment and gain their expertise from being the largest supplier of waste management equipment in southern Africa.

Unitrans believes that the Gaborone South collection contract is a matter of managing assets and people, and Unitrans has significant experience doing this, even though no actual experience with waste collection.

Mr. Crampton of Waste Masters Systems will assist Unitrans in specifying equipment. Mr. Simpson is no longer with Waste Master Systems, but would be available on a consulting basis if necessary.

Management of this contract will fall under the general management of Brian Swift Gaborone Depot Manager. The actual contract manager will be Harry Montseu, who currently works for Unitrans Botswana managing their fuel transport contract from the Gaborone Depot.

Unitrans runs a training program for all employees including: quality control programs, driver training; basic business concepts; and management of hazardous materials.

The contract will be performed by Unitrans Botswana, not a new subsidiary.

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The unit price reduction for skips is not the same as a unit price for skips because it includes the cost of money. However, the base price is reduced by any reduction in skips below 305.

From signing of letter awarding Unitrans the Tender it will take approximately 18 weeks to order all skips, based on a production of 20 per week. The skips will be produced in South Africa. There is a P47 500 one time transport charge to deliver all skips to Gaborone which was not included in Tender but which needs to be added to base price.

Unitrans will agree to skips meeting general industry specifications, and for a review of specifications by GCC.

Unitrans budgeted P2 000 per month, for each month of the contract for public education. The contract manager will be responsible for coordinating public education, which will include handbills, radio, TV, newspapers, and direct contract by drivers.

Unitrans was unable to answer where the single service for 1,734 households came from, but will get back to us with the answer. They did not believe the Tender price would change if this were a mistake and all households were to be served 2 times per week, as specified in the Tender.

Unitrans believes it can accommodate the early morning skip removal because of the 5 trucks they are proposing and the ability to use all 5 for skip service first thing in the morning.

They believe that a letter from the GCC awarding them contract is sufficient to begin ordering equipment. However, they would need information from GCC on risk of not appropriating money on April 1.

They are not capitalizing the trucks over three years.

Unitrans believes that the proposed price escalation factor using a standard index, plus statutory changes in fuel prices is easier to calculate and fairer to GCC than price escalation clause in Tender Request.

The fuel escalation is calculated by multiplying base price, as adjusted for actual number of skips, times 4 percent, times the percent increase or decrease in statutory fuel prices and dividing by 12 months.

Unitrans is willing to use price fluctuation clause in Tender Document if the GCC wants to.

Unitrans if foregoing statutory increases in prices, other than fuel, as well as any increases in prices due to increased waste collection over the term of the contract, in return for annual price adjustments due to changes in the inflation index.

They have budgeted for 6 drivers and 22 labourers with drivers

paid P1 100/month and labourers P420/month. Benefits increase Unitrans cost by 21 percent. They want to try to implement a system where drivers get a lump sum amount and hire own labour, which then become Unitrans employees. But need approval to do so.

Unitrans encourages regular GCC audits of performance.

Unitrans agrees that there will be a need to seek approval and cooperation from Old Naledi VDC's, but does not intend to sub-contract with VDC's at this time.

They will complete routing plan two months before starting contract.

Unitrans wants a formal contract spelling out performance and other terms, not just letter plus Tender Documents.

Whenever contract starts, price will escalate from 1 October 1993 under Unitrans proposal.

MINUTES

KGALAGADI TRUCKING

(20 October 1993)

Present:

Kgalagadi Trucking: Stanley Clark (Southern Star Development), Chris Sadler (Bergman Environmental), Leo Thumelets (Metal Box), Boitshoko Maphage

GCC: F.L. Masenya, Chief Health Inspector; J.S.N. Khupe, Senior Sewage Engineer

ICMA/USAID: Ted Siegler

Minutes:

The most recent financial statements, as prepared by Southern Star Development Company, as well as a completed Form of Intent of Performance and Form of Tender Surety were presented at the beginning of the meeting.

Mr. Clark introduced himself as a business consultant, involved with the company since its start. Mr. Clark holds no financial interest in the company. Mr. Maphage is principal shareholder of company, which was started over two years ago. Mr. Tumaletse is currently with Metal Box but would join KTS if they received this Tender, to head up promotional and educational effort. Mr. Sadler is a waste management consultant with considerable operational experience in collection of solid waste.

Mr. Maphage stated that KTS currently generates approximately P60 000 in revenue per month from its trucking operations, which are essentially consolidation and shipping. There are no long term contracts because of the nature of the business. They currently operate five vehicles.

Mr. Maphage stated that they believed they could meet a three month time line after award of contract to begin collection service. Trucks and skips would most likely come from South Africa, although they would investigate local fabrication of skips. They

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are willing to meet general industry specifications for skips and provide an opportunity for review by the GCC.

First National Bank is the financial institution currently used by KTS. They have had initial conversations with the Bank concerning this contract. They believe they can successfully raise the capital required, although they do not know that for certain.

This contract would be handled by KTS, not a new subsidiary, although they are willing to arrange it so GCC contract stands on its own with no transfer of funds to other KTS activities.

KTS plans to manage this new GCC contract as follows. First, there already is an operational manager who can manage the existing KTS business. Mr. Maphage will be responsible for managing start-up of this new contract. He will rely on Mr. Clark for financial management, Mr. Sadler for technical assistance, and Mr. Tumaeletse for the promotional program. A new operations manager and new truck mechanic would be added to assist with this contract. Mr. Sadler's fees are estimated at P30 000 in first year.

There was substantial discussion concerning the price fluctuation clause. Ultimately it was agreed that KTS would be eligible for statutory price increases, as listed in the Tender. In addition they stated that they had relied on the Request for Tender document when calculating their price. If there was a significant change in tonnes over what was estimated (e.g., over 60 tonnes) or significant growth in housing or commercial activities that required the addition of new trucks or labour, then KTS would expect to increase the price of the contract.

Mr. Clark summarized their position and stated that they felt that a local firm should be given the contract, as long as they were qualified.

MINUTES

WADE REFUSE/GEMSHIPPING (20 October 1993)

Present:

Wade Refuse: Richard Nero, Ben Meyer

GCC: F.L Masenya, Chief Health Inspector; J.S.N. Khupe, Senior Sewage Engineer

ICMA/USAID: Ted Siegler

Minutes:

Richard Nero explained that Wade will transfer an experienced manager to Gaborone to implement the contract. The intent will be to hire a local manager who will be trained during the first year and will then become manager. However, Wade's primary concern will be to make sure the contract is started and managed well, and they will use key people to assure this is the case.

Wade expects to use three refuse compactors plus one skip haul. Each compactor will have a driver, an operator, and between six and eight labourers. Labour rates will be the statutory rates.

They plan on capitalizing their trucks over five years because they believe that the trucks will be a valuable asset at the end of the three year contract if the GCC decides to continue with the private collection of waste in Gaborone.

Wade will set up a new company in Gaborone, but is committed to provide sufficient funds and expertise from the Wade Group to assure that the new company can carry out the contract. Wade looks at Gaborone as an entry into private waste management services throughout southern Africa, so they have a real desire to make it a successful project.

Wade is unwilling to provide a unit price for skips under Alternate 2. However, they have provided the option of the GCC purchasing the skips, with a reduction in the base price.

They have not identified a local fabricator of skips but if they can not find an existing fabricator, they will fabricate the skips in Gaborone themselves. The skips will meet general industry specifications and will be the same as industrial skips they

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currently use. The GCC will have an opportunity to review the specifications.

Lead time for truck purchase is eight weeks. Skips will be phased in over the first three months of collection. Wade is willing to start with used vehicles from their existing operations if a final commitment can not be made by the GCC until 1 April 1994.

Wade expects escalations due to statutory increases in labour and fuel. They expressed concern about how this increase would be calculated. Wade will provide documentation on fuel use and labour sufficient for the GCC to justify the claimed increase. However, Wade is also willing to use an established inflation index instead of the statutory adjustments.

In addition, if the total tonnes delivered to the landfill in any month exceed 60 tonnes per day times the number of working days in the month (at 5/week) then the GCC will be required to pay an additional charge based on dividing the product of 260 days per year times 60 tonnes into the Annual Base Price to determine a per tonne charge. This per tonne charge will be applied to all tonnes in any month above the 60 tonnes per day limit.

As long as the tonnage stays below 60 tonnes then there will be no increase in the base price due to changes in the number of housing units or the number of skips or lifts of skips per month.

Mr. Kuphe questioned their plans for Old Naledi. Mr. Nero admitted that they had not yet given it adequate consideration. However they believe, based on their tour of Old Naledi that many of the townships they service in South Africa are much more difficult to service than Old Naledi, and therefore they do not anticipate any problems. They feel strongly that as long as ever plot is give an refuse bin that door to door collection is the best approach, and that placing skips simply leads to more dumping problems.

Their education budget would be used to educate people about the program. In addition, they believe school education is essential and that is included in their budget. Finally, they believe that they must have the community leaders support and they are willing to meet with the community leaders at any time to present and discuss their collection plans

MINUTES

**SKIP HIRE/WASTE TECH
(21 October 1993)**

Present:

Waste Tech: Gerald Davies, Gary McDonald, Neels Venter, Zack Koegelenberg

GCC: F.L.Masenya, Chief Health Inspector; J.S.N.Kuphe, Senior Sewage Engineer; M.C.Sekgomanyane, Deputy City Engineer

ICMA/USAID Consultant: Ted Siegler

Minutes:

Waste Tech began the interview by providing a 20 October 1993 letter addressing the questions which they had received over the telephone during scheduling of the interview.

It was clarified that the P3 219 434 is an annual sum, so that the three year cost of the contract would be P9 658 302. The P2 000 000 is not in addition to the annual sum but a first month lump sum payment of a portion of the P3 219 434 first year cost.

The base tender price will escalate with statutory increases as well as if there are increases in the number of households of businesses in the service area. In addition, Waste Tech has allowed for 432 lifts of skips per month. Lifts over 432 would increase the base tender price.

Skip Hire currently has approximately 70 skips in Gaborone South. The Skip Hire business is entirely separated from this tender.

Waste Tech does not envision placing all 300 skips, so they do not believe it will be a problem placing 23 of the skips at the BHC housing complexes.

They are requiring that the GCC purchase new bins for all households to standardize refuse collection, and to reduce labor using mechanical lifting of the plastic bins. However, they are still proposing 6 labourers per truck. Labour is budgeted at 1.4 times the statutory rate.

The tender was in error when it stated one collection per

week, although they are hoping to go to one collection per week in areas with the MGB 240 L bins.

Although Waste Tech will form a new subsidiary in Gaborone, Waste Tech South Africa will commit unlimited funds, as necessary.

Trucks will be capitalized over 8 years.

They believe that Bank of Botswana rules will make it difficult to borrow all funds in Botswana. That is why they will need South Africa Exchange Board permission.

Waste Tech believes it is the only company with local waste management experience. This local experience combined with Waste Tech's strength and experience in South Africa makes them the best company for the job.

MINUTES

**DAISY LOO BOTSWANA
(21 October 1993)**

Present:

Daisy Loo Botswana: G.M.Dijeng, Daisy Loo; B.R.Segoldi, Sanitation Botswana; D.& C.C.Joubert,VWL; A.H.Leenstra, Daisy Loo

GCC: F.L.Masenya, Chief Health Inspector; J.S.N.Kuphe, Senior Sewage Engineer; M.C.Sekgomanyane, Deputy City Engineer

ICMA/USAID Consultant: Ted Siegler

Minutes:

Daisy Loo feels confident that it can finance the necessary collection vehicles and skips as follows. They believe at this time that they would finance the trucks through West Bank which specializes in financing vehicles. The value of the trucks would be the collateral for the loan. Skips would be financed through Daisy Loo's bank, Standard Charter. The fact that the skips will be placed over a three month period, and that the GCC would make payments to Daisy Loo should make it easier to raise the necessary capital.

Mr. Dejing is also willing to use personal assets as collateral if necessary.

Daisy Loo believes that three trucks are sufficient for Gaborone South, and that the third truck would be a back-up, which could be used for skips in the morning. However, they believe that there will not be the need for as many skips as estimated in the Tender Document, because it is cheaper to have labour simply collect the waste rather than have the waste thrown all around the skip. If there is a need for additional equipment, due to an error by Daisy Loo, it will be Daisy Loo's responsibility, not the GCC's.

They prefer to capitalize the trucks over 5 years.

Management of this contract will be carried out by Mr. Dijeng. Daisy Loo Portable Toilet already has a full time operations manager so Mr. Dijeng has the time to manage this contract.

In addition to Naledi Motors, Daisy Loo has an agreement with Fluid Systems, which is a company specializing in hydraulic

equipment, to service any hydraulic needs on the equipment. Daisy Loo has built into its tender price development of a new truck storage and general maintenance facility. However, they also have access to an existing facility currently owned by a private bus company.

Labour costs have been budgeted at 1.25 times statutory rates, plus benefits. They are assuming one driver plus six labourers per truck. The driver and labourers would be assigned to a single truck to provide incentive to maintain truck.

They are prepared to negotiate performance standards and measurement if awarded tender.

Daisy Loo expects to employ a total of 25 people for this contract. In addition, they expect to enter into 18 sub-contracts for Old Naledi. Problems with those sub-contracts would be the responsibility of Daisy Loo.

Daisy Loo Botswana and Daisy Loo Portable Toilet are the same company. They would form a new subsidiary to manage this contract but all of Daisy Loo's assets would be available to the new subsidiary.

Daisy Loo does not expect increases in the base tender price except for statutory changes. However, if there were substantial changes, (e.g., a 50 percent increase in tonnage or the tearing down of existing single family housing and replacement with multi story flats), than Daisy Loo would request a price increase.

They want price fluctuation protection on the trucks and skips based on the written quotes as of the day of the Tender submittal.

Daisy Loo believes that their existing experience servicing toilets is very similar to waste collection, including routing, truck maintenance, and handling of a hazardous material.

Daisy Loo believes it has the most comprehensive approach to Old Naledi, and that this is a key to this tender.