



**JOHNSON ENVIRONMENTAL
& DISASTER CONSULTING SERVICES**

429 CAMWAY DR. • WILMINGTON, NC 28403
PH (910) 791-9361 • FAX (910) 796-9918
E-MAIL: mail@johnsonenv.com

May 3, 2016

Mr. Frank Rush, Manager
Town of Emerald Isle, NC
7500 Emerald Dr.
Emerald Isle, NC 28594

RE: Contractor Recommendation

- **2016/2017 Phase II – Vegetative and C&D Debris Removal Contract**

Primary Contractor

**Four Points Recycling, LLC / Rhem Insulation, Inc.
(Joint Venture)**

Second Call Contractor

Morton Trucking, Inc.

Mr. Frank Rush and Board of Commissioners:

On April 21, 2016 the Town Emerald Isle conducted a bid reading and tabulation for a preposition Phase II – Vegetative and C&D Debris Removal contractor as part of our response and preparedness program. The participation in this “Request for Proposals” was considered excellent with seven (7) companies providing proposals. As part of the Town’s Emergency Preparedness program it was decided to develop procedures to meet FEMA Debris Management Plan guidance. A recommended procedure from the planning guidance is to award a primary and secondary contract for the Phase II – C&D and Vegetative Removal. Attached are the bid evaluation and proposals from the determined 1st and 2nd place contractors, for this disaster recovery objective.

The Bidding Results as tabulated were competitive. We utilize contract stipulation 5.04 of the Instructions to Bidders to determine our primary and secondary contractor (see below)

5.04 If there are no bidders that are clearly lowest on all scopes of work in the Form of Proposal, lowest overall and 2nd lowest overall will be determined by estimated total cost for debris removal utilizing USACE hybrid model for a Category 2 estimated event scenario... for the Town of Emerald Isle, this has been calculated as having C&D generation of 44,547cy (on street curbside), C&D generation of 12,237cy (on public beach), and Vegetative Debris generation of 24,336 cy. However, this does not imply a minimum or maximum quantity for the award.

When evaluating all contractors under the Category 2 scenario referenced above, it is determined that **Four Points Recycling, LLC / Rhem Insulation, Inc. (Four Pts.)**, of

Jacksonville, NC is the lowest “overall” bidder. Specifically: C&D from rights of way, \$44.90/ton, C&D from public beach, \$48.90/ton, Vegetative Debris with delivery less than 30 miles, \$6.01/cy, and Vegetative Debris with delivery greater than 30 but less than 50 miles, \$7.09/cy. **Four Pts.** overall USACE Hybrid Cat. 2 Model extrapolated cost would be a first place estimate of \$1,445,534.16.

The next overall bidder (2nd place) as evaluated would be **Morton Trucking, Inc. (Morton)** of Jacksonville, NC. **Morton**’s bids are: \$59.00/ton for C&D from rights of way, \$69.00/ton for C&D from the public beach, Vegetative Debris with delivery less than 30 miles, \$7.88/cy, and Vegetative Debris with delivery greater than 30 but less than 50 miles of \$9.88/cy. **Morton**’s overall USACE Hybrid Cat. 2 Model extrapolated cost would be the next lowest overall estimate of \$1,928,080.68.

Based on price only, **Four Points Recycling, LLC / Rhem Insulation, Inc. (Four Pts.)** must be considered for primary contract recommendation, and **Morton Trucking, Inc. (Morton)** be considered for secondary or backup contractor, being next overall lowest contractor. The rates proposed by either do not appear to gouge on either proposal (C&D or Vegetative), meeting FEMA’s requirement of “fair and equitable” rate. Therefore, we have completed due diligence evaluation of each and a summary of findings appears below.

Summary of Findings for Four Points Recycling, LLC / Rhem Insulation, Inc. (Four Pts.) - Primary Contract Recommendation

Four Points Recycling, LLC provided several requested documents with their bid proposal. However, several sections were either not included or lacked specific information, and Ms. Carroll Raynor, signatory for Four Pts., was called and requested information. Over the next several days data was received and is incorporated in this evaluation as it became available.

A Certificate of Insurance (COI) was evaluated with Part 1, Section 6.0 of the Bidders Instructions contract requirements with current enforcement. The Certificate of Insurance (COI) names the Town of Emerald Isle as the certificate holder and an additional insured. **Four Pts.**’ currently enforced insurance meets all contractual liability limits.

Federal Debarment Analysis

The Federal Government System for Award Management (SAM) located at <https://www.sam.gov/portal/public/SAM>, was searched for: **Four Points Recycling, LLC, Rhem Insulation, Inc. Carroll Raynor, and Winton Southerland** (officers submitting bid), on April 26, 2016, and was not found as an excluded entity from any governmental agency either procurement or non-procurement contracts. Additionally, the North Carolina Debarred Vendors List was searched for these same entities on April 26, 2016 and they were not found as debarred vendors.

Special Financial Relationship for the Joint Venture

Ms. Carroll Raynor, Four Points explains that they have bid this project as a joint venture with Rhem Insulation, Inc.

Rhem will participate primarily with financing the project and providing the bonding for the project. Mr. Winton Southerland of Rhem Insulation, Inc. will provide financial assurances to the joint venture. I met with Mr. Southerland, Ms. Raynor and Mr. Ray Peele on 4/28/16 in Mr. Southerland's office in Jacksonville. We discussed the possible projects that their joint venture would be doing, the financial needs and the required bonding. Mr. Southerland has provided a letter of subrogation, which guarantees the performance, financial and bonding of the project the joint venture engages. The letter can be found in Section 5 Due diligence.

Therefore in the Financial Section we primarily focus on Rhem Insulation as well as the personal financial statement that Mr. Southerland which was also provided.

Rhem Insulation Financials "CONFIDENTIAL"

REDACTED
(for Public Version)

Mr. James W. Southerland Financials "CONFIDENTIAL"

REDACTED
for Public Version

Regarding bonding, we have contacted SIA Group, agent Ms. Luann Oregon. Ms. provided a letter confirming Rhem Insulations Bonding program and she confirms that Rhem has bonding experience and that they currently anticipate the single bonding capacity of Rhem to be approximately \$1.5M with aggregate capacity of \$3M.

Ms. Oregon also confirms that she and the bonding company are aware that Rhem is guaranteeing the performance of the joint venture with Four Points Recycling in multiple municipalities in eastern NC for debris response contracts. Also that Rhem will provide bonding for this joint venture. She also explains that it is possible that more recent financials could increase the bonding program of Rhem and it would be evaluated at time of bond issuance.

Regarding the reference and experience evaluation of this contractor, we found Four Points Recycling and predecessor company, CR Peele, to have regular experience in the debris removal and debris disposal business. The provided experience directly relates to debris removal and to the Phase II – Debris Operations contracts they have bid on. Four Points and predecessor Company CR Peele has primarily been a subcontractor of DRC Emergency Services, LLC. We can confirm that Four Points was one of the subcontractors completing the City of Wilmington’s Phase II – Debris Removal services following the February 2014 Ice Storm. Four Points removed approximately 60,000 cy of vegetative debris and completed all of the debris reduction and disposal, approximately 300,000 cy.

DRC’s President, Mr. Mark Stafford, confirms their previous subcontract relationship and confirms that Four Points is capable of priming jobs to 150,000 cy or more. Additional job experience evaluations were completed and prior project managers overall were satisfied with Four Points work and would rehire them.

Four Points Lists 26 pieces of equipment. Equipment included are tub grinders, chippers, log loaders, excavators, sked steers, dozers and knuckle boom trucks and trailers. They have also supplied a list of subcontractors that would increase their capabilities. Subcontractors that we reached confirmed the relationship and explained they could assist if requested.

Summary of Findings for Morton Trucking, Inc. (Morton)- Secondary Contract Recommendation

Morton appears to be financially stable. They have requested that their financial information remain **“CONFIDENTIAL”**.

REDACTED for Public Version

Regarding bonding, their Surety Company confirms that *Morton* has significant bonding experience for single bonds and they have been issued a single bond of \$11M. Per their bonding agent, *Morton* has never failed to perform a bonded contract, and is a client in good standing and bonding is only improving.

In regards to insurance, *Morton* provided a sample Certificates of Insurance (COI’s) The COI’s were evaluated and currently enforced limits for meet or exceed the required limits of the contract.

The Federal Government System for Award Management (SAM) located at <https://www.sam.gov/portal/public/SAM>, was searched for: **Morton Trucking, Inc., and Elijah Morton** (officer submitting bid), on April 29, 2016, and was not found as an excluded entity from any governmental agency either procurement or non-procurement contracts. Additionally, the North Carolina Debarred Vendors List was searched for these same entities on April 29, 2016 and they were not found as debarred vendors.

In regards to references, *Morton* provided a list of 4 major project experiences with tangentially related experience. Specifically to include clearing and tree removal, site work, grading, erosion control, demolition of existing infrastructure, road building / paving and installation of sewer and curb and gutter. All points of contract for the

experience confirmed the work and confirmed satisfaction. They would have no problem hiring Morton for future projects or recommending them to others. The results of calls to a sample of these references are attached in Section 5 of the Recommendation Binder.

Morton has listed approximately 100 pieces of equipment. Equipment included are Loaders, Backhoes, Excavators, skid steers, and trucks and trailers. Morton states that they intend to self-perform any activations except may employ some subcontract trucking. Evaluating the equipment list it appears they are adequately equipped to respond to Category 2 event or possibly larger. Subcontract trucking entities were included, several were called and confirmed ongoing relationships with Morton.

It is our recommendation to consider ***Four Points Recycling, LLC / Rhem Insulation, Inc. (Joint Venture)*** for primary contract award (or 1st call) for Phase II – Vegetative and C&D Debris Removal Contract and that ***Morton Trucking, Inc.*** be considered for the secondary award (or 2nd call) for the same scope of services.

Sincerely,



Barry L. Johnson

Enclosures:

cc: Ms. Laura Rotchford, Finance Director
Mr. Artie Dunn, Director Public Works

Emerald Isle - Proposal Reading and Tabulation

DATE: April 21, 2016

TIME: 11:00AM

	Veg & C&D Debris Proposal				USACE Estimates for Evaluation Only		
	1) C&D Debris Removal (Roads, rights of ways, and Public Property) \$/Ton	2) C&D Debris Removal (Public Beaches) \$/Ton	3) Veg Debris Removal (less than 30 mi) \$/CY	4) Veg Debris Removal (30-50 miles) \$/CY	C&D Total Cost Estimate (Using USACE Model Cat 2) for	Vegetative Total Cost Estimate (Using USACE Model for Cat 2)	Total Cost Estimate (Using USACE Model for Cat 2)
Company submitting proposal							
Four Points Recycling / Rhem Insulation	\$44.90	\$48.90	\$6.01	\$7.09	\$1,299,274.80	\$146,259.36	\$1,445,534.16
Morton Trucking, Inc.	\$59.00	\$69.00	\$7.88	\$9.88	\$1,736,313.00	\$191,767.68	\$1,928,080.68
CrowderGulf	\$82.00	\$90.00	\$7.50	\$8.00	\$2,377,092.00	\$182,520.00	\$2,559,612.00
Santee Modular Homes	\$63.50	\$73.50	\$6.50	\$7.20	\$1,864,077.00	\$158,184.00	\$2,022,261.00
DRC Emergency Services	\$58.38	\$74.58	\$6.96	\$7.76	\$1,756,644.66	\$169,378.56	\$1,926,023.22
TFR Enterprises	\$64.00	\$74.00	\$7.80	\$9.10	\$1,878,273.00	\$189,820.80	\$2,068,093.80
Southern Disaster Recovery	\$63.50	\$74.00	\$6.45	\$8.50	\$1,867,136.25	\$156,967.20	\$2,024,103.45

1st place bidder -			*C&D curbside - Tons	**C&D public beach - Tons	Veg - CY
2nd place bidder -		Cat 2 - Model Generation Constants	22273.5	6118.5	24336

* C&D model of curbside debris for Cat 2 was 44,547cy, FEMA 325 reference for C&D conversion is 2cy/ton; applied yields 22,274Tons

** C&D model of beach debris for Cat 2 was 12,237cy, FEMA 325 reference for C&D conversion is 2cy/ton; applied yields 6,119Tons

Unit Price 4 shown, but not utilized in the evaluation... assumption made that Vegetative Debris will be taken to Peletier Location, <30miles

RHEM INSULATION, INC.
1219 Lejeune Boulevard
Jacksonville, NC 28540

April 29, 2016

TOWN OF EMERALD ISLE, NC

Re: 2016 Pre Event Contracts

Dear Sirs:

Rhem Insulation, Inc. and Four Points Recycling, LLC have entered into a Joint Venture/Partnership Agreement under the name of Four Point Recycling, LLC/Rhem Insulation, Inc. to perform hurricane debris removal pursuant to the terms and conditions of any contract entered into with the Town of Emerald Isle.

Rhem Insulation, Inc. will guarantee the full performance of any such contract with the Town including any financial or bonding requirements that may be required under the said contract.

RHEM INSULATION, INC.

BY:



James W. Southerland, Sr., President

TOWN OF EMERALD ISLE
PHASE II - DEBRIS REMOVAL CONTRACT

PART III - FORM OF PROPOSAL

TO: Mr. Frank Rush, Jr.
Town Manager
Town of Emerald Isle
7500 Emerald Dr.
Emerald Isle, NC 28594

DATE: 4/21/16

FROM: Four Points Recycling / Rhem Insulation
(Bidder/Contractor)

PHONE: 910-346-2047

ADDRESS: 309 King Rd.
Jacksonville, NC 28540

UNIT PRICE BID: The undersigned, having carefully examined the Instructions to Bidders, **TOWN OF EMERALD ISLE, PHASE II - DEBRIS REMOVAL CONTRACT** dated March 21, 2016 including the following addenda:

ADDENDUM # _____ DATED: _____ n/A

ADDENDUM # _____ DATED: _____

As well as the premises and conditions affecting the work, proposes to furnish all services, labor, materials and equipment called for to complete the completion of project in accordance with the contract documents for the following unit price amounts.

- 1) Unit Price No. 1 \$ 44.90 /ton
- 2) Unit Price No. 2 \$ 48.90 /ton
- 3) Unit Price No. 3 \$ 6.01 /cubic yard
- 4) Unit Price No. 4 \$ 7.09 /cubic yard

Four Points Recycling / Rhem Insulation

Company Name
Cao Roy
Signature

Owner
Title

State of Incorporation _____

(Corporate Seal)

TOWN OF EMERALD ISLE
PHASE II - DEBRIS REMOVAL CONTRACT

PART III - FORM OF PROPOSAL

TO: Mr. Frank Rush, Jr.
Town Manager
Town of Emerald Isle
7500 Emerald Dr.
Emerald Isle, NC 28594

DATE: April 21, 2016

FROM: Morton Trucking, Inc.
(Bidder/Contractor)

PHONE: 910-346-9068

ADDRESS: 121 Garnet Lane
Jacksonville, NC 28546

UNIT PRICE BID: The undersigned, having carefully examined the Instructions to Bidders, **TOWN OF EMERALD ISLE, PHASE II - DEBRIS REMOVAL CONTRACT** dated March 21, 2016 including the following addenda:

ADDENDUM # _____ DATED: _____

ADDENDUM # _____ N/A DATED: _____

As well as the premises and conditions affecting the work, proposes to furnish all services, labor, materials and equipment called for to complete the completion of project in accordance with the contract documents for the following unit price amounts.

- 1) Unit Price No. 1 \$ 59⁰⁰ /ton
- 2) Unit Price No. 2 \$ 69⁰⁰ /ton
- 3) Unit Price No. 3 \$ 7⁸⁸ /cubic yard
- 4) Unit Price No. 4 \$ 9⁸⁸ /cubic yard

Morton Trucking, Inc.
Company Name

[Signature]
Signature

North Carolina
State of Incorporation

April 21, 2016
Title

(Corporate Seal)