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# WasteAdvantage magazine

The Advantage in the Waste and Recycling Industry

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# Out with the Old, and in with the New: Bringing the Antiquated Paper Bid Process into the 21st Century

Using an online reserve auction platform, the City of McKeesport, PA was able to save money while complying with all laws and regulations.

The city of McKeesport is located 12 miles south of Pittsburgh, PA, and is a city ripe with blight. McKeesport mayor Mike Cherepko wanted to start eliminating as much of it as possible. The city of McKeesport had recently sold its water treatment plant and planned on using the money to demolish a planned 300 houses.

According to the GSA (General Services Administration), the average house demolition is around \$10,000. McKeesport had previously been paying between \$12,500 and \$15,000, and Mayor Cherepko decided on a starting price of \$8,000 per house.

### Conducting Bids

Enviro 21's Founder and CEO, Chip Purcell, who grew up in McKeesport, and had been an active member of the community, approached Mayor Cherepko regarding the benefits of Enviro 21. Cherepko saw these benefits immediately and went forward with the demolition using Enviro 21 to conduct the bids through their online reverse auction marketplace.

The first round of houses included 97 houses set for demolition. Enviro 21 was able to offer input on how to make the most effective and comprehensive bid specifications for the city; this kept costs low without sacrificing service. Enviro 21's expertise in the demolition and waste industry helped construct a bid that ensured the city would pay no extra costs, while complying with all laws and regulations.

### A Reverse Auction Platform

Enviro 21 is an online reverse auction platform that specializes in service and hard good bids in any industry, business or government entity. An online reverse auction lends itself to greater transparency, lower pricing, more qualified vendors and much more. In fact, according to the GSA, reverse auctions save on average between 15 percent and 45 percent on service contracts, and 10 percent to 15 percent on hard good bids.

Online reverse auctions allow for a price to be set by the client and the bids go down, instead of up. This ensures that you will get the best price available, where in a paper bid process the price is in the vendor's control.

The Enviro 21 concept began taking place in the mind of Purcell in 2011. He had been in the waste business since 1990, and recognized that so much of what was done, and how it was done, was almost archaic. In 2014, the concept of Enviro 21 began to become a reality when they partnered with MSA (Management Science Associates), a large data firm from the Pittsburgh area, to create Enviro 21's online reverse auction website. The first auction took place over a year later in 2016 for a local municipality's waste services. Enviro 21 ran a successful auction that landed this

municipality a very favorable bid on their waste contract through five years.

### A Successful Process

After a competitive reverse auction, the total price for all 97 houses



Enviro 21's expertise in the demolition and waste industry helped construct a bid that ensured the city would pay no extra costs, while complying with all laws and regulations. Photo courtesy of Enviro 21.

came out to be \$711,500 for an average of \$7,335 per house. Mayor Cherepko then asked Enviro 21 to conduct a second auction for 99 houses the following month, and a third auction for 94 houses a month later. After the three reverse auctions conducted by Enviro 21, the house demolitions averaged a cost of \$7,000 per house, saving anywhere from \$750,000 to \$1.5 million. Following the auctions, Mayor Mike Cherepko was quoted as saying, "Using the Enviro 21 reverse-bidding process ... [the contractor's] bid came in at least six figures lower than officials expected." Purcell commented after, that Mayor Cherepko grasped the idea of a reverse auction and saw the benefits for his community more than anyone else he had met with previously.

While McKeesport saved significant money, that was far from the only benefit they saw from working with Enviro 21. The waste and environmental industry has long been accused of a lack of transparency and awarding bids to the same vendors over and over again, many of whom are unsatisfactory. The winner of McKeesport's demolition bids was a minority-owned demolition company that had never worked with McKeesport before. This is an especially good benefit to a city like McKeesport who has a large minority population. It gave McKeesport a new qualified vendor that resonated with their community.

### Continuing Relationship with McKeesport

Enviro 21's value for the community of McKeesport has allowed them to have a continuing relationship on their bids. In 2019, the City of McKeesport requested that Enviro 21 conduct a reverse auction for their upcoming waste and recycling bid. Through Mayor Cherepko's insight and Enviro 21's reverse auction format, McKeesport's waste price was lowered by more than 33 percent. This decrease came in price as many cities in the area were seeing increases in price anywhere from 30 percent to 60 percent. This is just one study of Enviro 21's online reverse auctions benefiting a community in a multitude of ways. | **WA**

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*For more information, visit <https://enviro21.com>.*



A 2020 New Way 32 LR 64R 25 Yard Rearload Packer.  
Photo courtesy of the city of McKeesport.

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