

BEFORE THE METRO CONTRACT REVIEW BOARD

FOR THE PURPOSE OF AUTHORIZING) RESOLUTION NO. 02-3173
THE EXECUTIVE OFFICER TO EXECUTE CHANGE)
ORDER NO. 28 TO CONTRACT NO. 900848 BETWEEN)
METRO AND CSU TRANSPORT, INC., REGARDING) Introduced by Mike Burton,
WASTE TRANSPORT SERVICES) Executive Officer

WHEREAS, Metro's Waste Transport Services Contractor, CSU Transport, Inc., is required to provide replacement shuttle equipment for Metro Central Station per Change Order No. 7 to Contract No. 900848; and,

WHEREAS, Change Order No. 7 provides that Metro is to reimburse the Contractor for replacement of two shuttle vehicles financed over a nine year period; and,

WHEREAS, a nine year lease or other financing option is not available to the Contractor to acquire the replacement equipment; and,

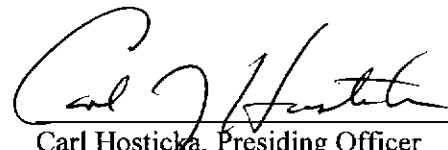
WHEREAS, for the reasons stated in the staff report accompanying this resolution, a five year lease/purchase option is the most advantageous to Metro of the lease options available to the Contractor; and,

WHEREAS, the five year option authorized by Change Order 28 to the Waste Transport Services Contract No. 900848, attached hereto as Exhibit "A", should result in savings to Metro over other options; and,

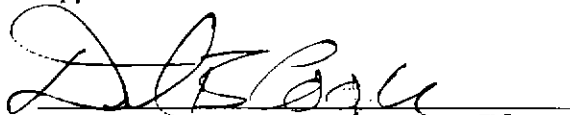
WHEREAS, the resolution was submitted to the Executive Officer for consideration and was forwarded to the Council for approval; now therefore,

BE IT RESOLVED, that the Metro Council authorizes the Executive Officer to execute Change Order No. 28 to Contract No. 900848, in a form substantially similar to that set forth as the attached Exhibit "A".

ADOPTED by the Metro Contract Review Board this 4th day of April, 2002.


Carl Hosticka, Presiding Officer

Approved to form:


Daniel B. Cooper, General Counsel

**MODIFICATION TO THE CONTRACT BETWEEN
METRO AND CSU TRANSPORT, INC.
ENTITLED "WASTE TRANSPORT SERVICES"**

This Change Order No. 28, dated as of the last signature date below (the "Effective Date of Change Order No. 28"), hereby amends Metro Contract No. 900848, entitled "Waste Transport Services," dated March 27, 1989, including all prior amendments (which contract and amendments are collectively referred to as the "Waste Transport Services Agreement").

In exchange for the promises and other considerations set forth in the Waste Transport Services Agreement and in this Change Order No. 28, the parties hereby agree as follows:

A. Purpose

This purpose of this Change Order No. 28 is to amend certain equipment payment provisions of Change Order No. 7 of the Waste Transport Services Agreement.

B. Provisions of Change Order No. 28

1. Amendment of Lease Finance Provisions

The provisions of Section B.1(e)(2) of Change Order No. 7 of the Waste Transport Services Agreement are hereby superseded and amended to read as follows:

Within 15 days of the Effective Date of this Change Order, Contractor shall order two replacement shuttle vehicles for use at the Metro Central Transfer Station with the Contractor continuing to provide a third shuttle vehicle. Such vehicles shall have the features and functions that Metro, in its sole discretion, deems satisfactory and acceptable. Contractor shall acquire such vehicles by means of a lease-purchase option agreement under which Contractor shall lease the equipment for five years, at the end of which time Contractor shall have the option of purchasing the equipment by payment of the sum of \$1, which option the Contractor shall exercise. In addition, such lease shall also include the obligation to allow Metro, in the event of any default by Contractor under either the terms of such lease or under this Waste Transport Services Agreement, to assume control of all such leased equipment for a period of one year following any default and termination of the lease or of this Waste Transport Services Agreement. Metro shall reimburse Contractor for Contractor's reasonable costs in leasing such shuttle

vehicles over a five-year period in an amount not to exceed \$1,650 per unit per month. Contractor shall include such reimbursement payment as a line item on the monthly invoice submitted to Metro. In addition, Metro also shall reimburse Contractor for reasonable transportation costs to deliver the leased vehicles to the Metro Central Transfer Station in an amount not to exceed \$3,395; for costs to the Contractor of applicable taxes incurred in acquiring such leased vehicles; and for the cost of Uniform Commercial Code filing fees required by law.

2. No Other Modifications

Except as modified herein, all other terms and conditions of the Waste Transport Services Agreement shall remain in full force and effect. Any conflict between the provisions of this Change Order No. 28, on the one hand, and the original Waste Transport Services Agreement, including other previous amendments and change orders, on the other hand, shall be resolved by reference to and reliance upon this Change Order No. 28.

CSU TRANSPORT, INC.

METRO

Signature

Signature

Gary I. Goldberg, President

Mike Burton, Executive Officer

Date

Date

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STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 02-3173 FOR THE PURPOSE OF AUTHORIZING THE EXECUTIVE OFFICER TO EXECUTE CHANGE ORDER NO. 28 TO THE CONTRACT FOR WASTE TRANSPORT SERVICES.

March 8, 2002

Drafted by: Chuck Geyer

BACKGROUND

In March 1991, Metro and the Contractor executed Change Order No. 7 to the Waste Transport Services Contract to provide "shuttling" services at Metro Central Station. The services encompass taking an empty container from a staging area, "shuttling" the container to a compactor using a shuttle vehicle (basically a scaled down semi-tractor). Once the container has been loaded with waste by the compactor, the shuttle vehicle returns the loaded container to the staging area. Loaded containers are picked up by tractors arriving from the Columbia Ridge Landfill with empty containers, and then transported to the landfill for disposal.

The original Waste Transport Services Contract contemplated that the transfer station operator would provide shuttling services. However, concerns were raised by the Waste Transport Services Contractor about the handling of its containers by a second party. After consulting with both parties (transporter and station operator), it was agreed to shift shuttling responsibilities from the station operator to the transport contract (this was done for Metro South Station through separate change orders). Metro reduced its payments to the station operator for this deletion of work.

Change Order No. 7 provided the procedures for the transfer of shuttling responsibilities to the Waste Transport Services Contractor, including reimbursement for obtaining and replacing the shuttle vehicles. Three shuttle vehicles were to be provided. Metro was responsible for reimbursing the Contractor for two initially, and for their replacement in 2002.

Reimbursing the Contractor for replacement of the two shuttles contemplated a nine-year financing period. The Contractor contacted the two major suppliers of such vehicles and found that such a 108-month financing arrangement was not available, because the equipment is amortized over a five year period and therefore may not have enough residual value should the equipment be returned at that point in the lease. Equipment suppliers were willing to consider an 84-month lease, as well as the 60-month lease incorporated into the recommended change order.

The 84-month lease required an advance payment of 25% of the unit price (each unit costs \$80,605) and a \$965 per unit monthly lease payment. The 60-month lease required no advance payment and a \$1,650 per unit monthly lease payment. Both deals included a \$1 per unit purchase option at the end of the lease.

Staff performed a present value analysis of the two deals to compare the difference to Metro in "today's" dollars. The analysis showed that the 60-month lease would result in a slightly better deal (approximately \$2,000 in today's dollars) than the 84-month lease. It should also be noted that the equipment supplier conditioned the longer-term lease, saying "This option may not be available at all, as the length of this lease may exceed the resalable/economic useful life of the equipment."

Based on this analysis, the 60-month deal is recommended.

ANALYSIS/INFORMATION

1. Known Opposition

Staff knows of no opposition to this change order.

2. Legal Antecedents

Metro Code 2.04.058(b) requires that contracts designated as having a significant impact on Metro cannot be amended without the express approval of the Metro Council. Contract No. 900848 was originally designated as having a significant impact on Metro.

3. Anticipated Effects

This resolution would approve Change Order No. 28 to Contract No. 900848 between Metro and CSU Transport, Inc. Provisions of the change order change the financial arrangements through which the Contractor is reimbursed by Metro for replacement of shuttle equipment at Metro Central Station.

4. Budget Impacts

Adequate funds have been budgeted for the work.

EXECUTIVE OFFICER RECOMMENDATION

The Executive Officer recommends approval of Resolution No. 02-3173.