

BEFORE THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT
CONTRACT REVIEW BOARD

FOR THE PURPOSE OF AUTHORIZING)	RESOLUTION NO. 89-1046
AN EXEMPTION TO THE REQUIREMENT OF)	
COMPETITIVE BIDDING PURSUANT TO)	Introduced by Council
METRO CODE 2.04.041, AND AUTHORIZING)	Solid Waste Committee
A NINE-MONTH EXTENSION OF THE METRO)	
SOUTH STATION OPERATIONS CONTRACT)	

WHEREAS, The existing contract for operation of and transportation services at the Metro South Station will expire on March 31, 1989; and

WHEREAS, A long-term contract for transportation from the Metro South Station to Gilliam County will begin on January 1, 1990; and

WHEREAS, Coordination of the long-term transportation contract with the contract for operation of the Metro South Station would require a short-term, nine-month contract for transportation services for the period of April 1, 1989 through December 31, 1989; and

WHEREAS, The equipment requirements for the nine-month portion of a new contract would limit the number of vendors who could participate in the bid process; and

WHEREAS, After the nine-month extension period, the transportation portion of the work will no longer be necessary and additional vendors will be able to participate in the bidding process for operation of the Metro South Station; and

WHEREAS, The Metro Solid Waste Division has calculated the estimated cost savings which will accrue from a nine-month extension of the existing Metro South Station contract due to the fact that 1) transport equipment will not be amortized over a nine-month period, and 2) a nine-month extension will produce savings over a comparable period in the bidding of a five-year agreement; and

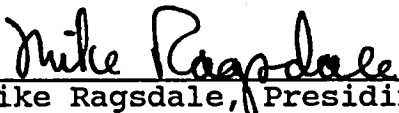
WHEREAS, Metro Code Section 2.04.045 exempts contract extensions from competitive bidding only if they are limited in size and term; and

WHEREAS, Metro Code Section 2.04.041 authorizes the Metro Contract Review Board to exempt public contracts from competitive bidding if it finds that the exemption will not encourage favoritism or substantially diminish competition for public contracts and that such exemption will result in substantial cost savings; now, therefore,

BE IT RESOLVED,

1. That the Metropolitan Service District Contract Review Board finds that:
 - a) It is unlikely that exempting a nine month extension of the Metro South Station contract will encourage favoritism in the awarding of public contracts or substantially diminish competition for public contracts; and
 - b) The contract, if extended pursuant to the exemption, will result in substantial cost savings to the Metropolitan Service District;
2. That based on these findings, the Metropolitan Service District Contract Review Board authorizes the execution of Amendment No. 4, as set out in the attachment to the Staff Report, to the Metro South Station contract.

ADOPTED by the Metropolitan Service District Contract Review Board this 26th day of January, 1989.



Mike Ragsdale, Presiding Officer

MML/gl

COMMITTEE REPORT

Agenda Item No. 8.3

Meeting Date Jan. 26, 1989

CONSIDERATION OF RESOLUTION NO. 89-1046, FOR THE PURPOSE OF AUTHORIZING AN EXEMPTION TO THE REQUIREMENT OF COMPETITIVE BIDDING, PURSUANT TO METRO CODE SECTION 2.04.041, AND AUTHORIZING A NINE-MONTH EXTENSION OF THE METRO SOUTH STATION OPERATIONS CONTRACT

Date: January 26, 1989

Presented by: Councilor Roger Buchanan, Solid Waste Committee

COMMITTEE RECOMMENDATION

The Solid Waste Committee recommends Council adoption of Resolution No. 89-1046.

DISCUSSION/ISSUES

On January 12, 1989, the Council adopted Resolution No. 89-1026A authorizing the Executive Officer to negotiate a proposed draft extension contract for the operation of the Metro South Station. Negotiations with Wastech were completed on January 20, 1989. The proposed contract extension increases the unit prices by the Portland Consumer Price Index, and pays the contractor a lump sum in monthly installments for either existing or new services. The increase for new services is estimated to be approximately a 2 percent increase over current payments.

The Solid Waste Department staff presented information to the Committee which indicates that cost savings will accrue from a nine-month extension of the Metro South Station contract.

The Solid Waste Committee received public testimony from Warren Razore, President of Rabanco, Seattle, Washington. He recommended an extension of the Metro South Station contract to avoid a short-term, nine-month contract for transportation services.

The Committee asked what new items were included in the proposed contract extension. Staff indicated that the following items were new: operation of the compactor, operation of the vehicle wash rack, and implementation of the testing program required by the Industrial Waste Water Discharge Permit.

The Solid Waste staff stated that if the proposed contract extension was not approved by Council, they were authorized and prepared to solicit competitive bids.

VOTE

The Committee voted 4 to 0 to recommend Council adoption of Resolution No. 89-1046. Voting: Councilors Buchanan, Hansen, Kelley and Wyers. Absent: Councilor Ragsdale. This action taken at the special meeting of January 24, 1989.

RB:amn
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STAFF REPORT

CONSIDERATION OF RESOLUTION 89-1046, EXTENDING THE OPERATIONS CONTRACT WITH WASTECH INC. FOR THE METRO SOUTH STATION FOR A PERIOD OF 9 MONTHS, APRIL 1, 1989 THROUGH DECEMBER 31, 1989.

Date: January 23, 1989

Presented by: Jim Watkins

FACTUAL BACKGROUND AND ANALYSIS

On January 19, 1989 the Council of the Metropolitan Service District adopted Resolution No. 89-1026A, which authorized the Executive Officer to negotiate a proposed draft extension contract for the operation of Metro South Station (attached). The resolution further stated that the Metro Council would either accept the proposed draft extension, or authorize the Director of the Solid Waste Department to solicit competitive bids for Metro South Station operations through the contract documents approved by the Metro Council.

Also attached is Resolution 89-1046 which exempts the extension from the bidding requirements of the Metro Code and adopts the extension. Attachment A of the resolution presents an analysis of the potential cost savings which would accrue to Metro if the extension is accepted. It should be noted that the estimate does not reflect the costs associated with amortizing transport equipment costs over the 9 month period for which transport services will be required. These costs were not included in the savings because such costs would be prohibitive and therefore firms needing to purchase this equipment would refrain from submitting a bid.

The proposed draft Amendment No. 4 increases the unit prices by the Portland Consumer Price Index, and pays the contractor a lump sum in monthly installments for either existing or new services. The increase for new services is estimated to be approximately a 2% increase over current payments.

EXHIBIT A

Estimate of Savings for Metro South Station Contract Extension

Method #1.

To estimate the savings which would result from an extension of the current Metro South Station contract over a rebid, the next lowest bid received on the original contract was used for comparison. The reasons this method was chosen are: 1) the bid process was a true competitive situation with a total of five bids received; 2) startup costs and capital costs were amortized over a 4.5 year period and therefore are representative; 3) it is difficult to estimate bid prices in a competitive environment given the variability in capital and opportunity costs.

In the original contract, tonnage ranges were used to solicit a per ton price. The firm submitting the next lowest bid was Browning Ferris Industries (BFI). Their bid for the highest tonnage range was adjusted to reflect the change in the price adjustments which took place over the contract period and to reflect the change in tonnage ranges. The adjusted price was then multiplied times the number of tons which we estimate will be handled through Metro South Station (MSS) over the 9 month extension or contract period. This total was then compared to the price we would receive under an extension. The result of this method is shown under the category "SAVINGS" for Method #1.

Method #2.

A second way to estimate potential savings is to assume that the original bid price was a competitive price, and then to inflate that price by the annual adjustment formula proposed for the next bid process. The inflated price is then compared to the estimated unit price which will be charged during the extension for the estimated tonnage. The result of this method is shown under the category "SAVINGS" for Method #2.

EXHIBIT A (continued)

Calculations for estimating potential savings

Method #1.

	Wastech	BFI
Per ton price (1983 bid price)	\$6.40 (-8.6%)	\$6.90 (-8.6%)
Price Adjustment from Index	\$6.57 (+2.6%)	\$7.08 (+2.6%)
Estimated Price for Extension	\$6.83 (+4%) ¹	\$7.36 (+4%)

¹NOTE: Per ton price less than original BFI bid price

CALCULATION OF EXTENSION SAVINGS

Estimate 9 mo. tonnage for MSS	244,416	244,416
Times the price per ton	\$6.83	\$7.36
=	\$1,669,361.28	\$1,798,901.76

SAVINGS = \$129,540

Method #2

Estimated Price for Extension= \$6.83

Estimated Rebid Price Assuming Original Bid Price Inflated by CPI=
\$6.40 x 1.16 = \$7.49 (\$6.40 increased at a rate of 3.2% per year)

SAVINGS = (Extension tons x CPI price) - (Extension tons x extension price) = \$1,830,675.84 - \$1,669,361.28 = \$161,314

AMENDMENT NO. 4
TO THE
CONTRACT DOCUMENTS FOR THE OPERATION OF THE
METRO SOUTH STATION,
METROPOLITAN SERVICE DISTRICT,
PORTLAND, OREGON

METRO and CONTRACTOR hereby amend the above described Contract Documents. Except as amended, the Contract remains in full force and effect.

1. TERM-- The term of the Contract shall be extended until 11:59 p.m., December 31, 1989.

2. Unit prices shall be adjusted upwards or downwards, effective April 1, 1989, by the percent change in the BLS publication "CONSUMER PRICE INDEXES PACIFIC CITIES AND U.S. CITY AVERAGE", the Portland index, category "PERCENT CHANGE TO 2ND HALF 1988 FROM: 2ND HALF 1987".

3. DELETE from AMENDMENT NO. 2, third paragraph the following:

"or the Riverbend Landfill at McMinnville, Oregon,"

4. DELETE section 4(d) from AMENDMENT NO. 2, and section 9(d) from AMENDMENT NO. 3.

5. Metro anticipates the installation of a compactor unit to load transfer vehicles in the Fall of 1989. Contractor shall provide Metro consulting services in the purchase, installation and testing procedures involved in this process at no additional charge to Metro.

Contractor shall not be entitled to any reimbursement for closure of the facility due to compactor installation, provided that Metro notifies the Contractor 30 (thirty) days in advance of such closure. Metro shall install the compactor within seven (7) days from the date stated in the closure notification to the Contractor. The Contractor may perform any routine maintenance during such time with prior approval from Metro. If Metro fails to provide notice or exceed the installation period stated above, the Contractor shall be entitled to the remedies provided in section 6 below.

After installing the compactor, a three (3) week shakedown and testing period will follow to determine whether the compactor meets specifications. During this period the Contractor shall operate Metro South Station as required by Metro. The Contractor shall only be entitled to payment for waste processed. If Metro South Station is not fully operational at the end of the three week testing period, the Contractor shall be entitled to adjustments as provided in section 6 below, plus any payments for waste processed.

Metro will indicate in writing to the Contractor the end of the

installation and shakedown periods.

6. Suspension of Work Due to Compactor Breakdown

- A. In the event the Contractor is precluded from processing or transporting waste due to a breakdown of the compactor, Metro may suspend the Contractor's obligation to perform the work, or any separate part thereof, called for in the Contract. The Contractor shall immediately notify Metro's scalehouse supervisor if a breakdown of the compactor precludes it from processing or transporting waste. The Contractor's notification will be logged in the scalehouse transaction log. If the compactor breakdown occurs after closure of the scalehouse, the Contractor shall notify Metro's St. Johns Landfill supervisor or other designated Metro personnel. Verbal notice by the Contractor of a compactor breakdown which impedes the Contractor's ability to perform its obligations under the Contract shall be confirmed in writing by the Contractor within twenty-four (24) hours of the initial verbal notification.
- B. During work suspensions due to compactor breakdowns as described in this Article, the Contractor will be responsible for making any and all adjustments to its workforce to minimize standby costs. The Contractor shall not be entitled to reimbursement for any standby costs or other costs other than as provided in section C of this Article.
- C. During work suspensions due to compactor breakdowns due to manufacturing/design defects, or other events specified in section 5 above, the Contractor shall not be entitled to recover any costs for the first eight hours of work suspension(s) which occur(s) during any given month due to any force majeure event. Any one suspension of work or a combination of suspensions during a month which exceeds the initial eight hours of work suspension shall entitle the Contractor to an equitable adjustment equal to one hundred forty percent (140%) of the average hourly payroll for non-supervisory, non-administrative employees assigned to the Contract payroll during the previous month. The adjustment shall be limited to no more than sixteen (16) hours per day and shall not include the initial eight (8) hours of suspensions accrued each month.

7. Contractor shall be receive a total of \$54,567, in monthly payments, for the services described below in this section. Monthly payments will be made by dividing \$54,567 by nine (9) which resulting amount shall represent monthly payments.

a) After installation of the compactor, all transfer trailers shall be tarped or other appropriate covering used as approved by Metro. Tarps must securely cover the load to prevent any waste from blowing out, or hanging down sides of vehicles

while in transit.

b) The following services will be provided a minimum of four days per week, for the conference room, main and small scalehouse, unless otherwise indicated:

- Vacuum mats and carpets;
- Dust desks, chairs, cabinets, etc.;
- Spot clean fingerprints from walls and doors;
- Empty trash, replace liners as needed;
- Dust off counters, desks and tables;
- Dust-mop any tile floors and stairwells;
- Wet-mop any tile floors and stairwells;
- Spot clean fingerprints from bathroom cabinets;
- Clean bathroom sinks, toilets and counters;
- Replace toilet tissue, paper towels as needed;
- Strip and Wax floors once a month;
- Clean all windows weekly;
- Buff floors weekly;
- Carpets shall be scrubbed bimonthly.
- Provide doormats at each entry to the scalehouses, replace with clean mats weekly
- Provide all janitorial and cleaning supplies as needed

c) Contractor shall operate and maintain daily the existing commercial and industrial vehicle wash rack. Use of the wash rack will be restricted to commercial and industrial collectors by the Contractor.

Daily maintenance will include the inspection of the truck wash sump, and cleaning as needed or at least weekly; and daily general cleanup of the area. Weekly removal of all accumulated solids from catch basins. Hoses must be maintained in operable condition and nozzles must be attached to hoses at all times. The operating pressure shall be such that commercial collection vehicles which use the facility can be cleaned adequately. The Contractor will be responsible for maintaining the sewerlines from the wash rack, and for maintaining and replacing all other parts of the wash rack as well.

d) DELETE landscaping requirements for Areas 1 and 3 as specified in ATTACHMENT #2 of AMENDMENT NO. 3.

e) Contractor is responsible for 24-hour site security. Site security means the presence of either Contractor personnel or a security guard hired by the Contractor.

f) It is the responsibility of the Contractor to implement the testing program required by the Industrial Wastewater Discharge Permit. The permit requires:

1. Continuous recording (from hourly pump records) of flow.

2. Daily grab samples of pH and temperature.
3. Monthly composite samples of: total oil and grease, BOD, COD, total suspended solids, arsenic, cadmium, copper, cyanide, lead, mercury, nickel, silver, total chromium, zinc, and phenolic compounds.

Metro installed equipment will be available for determining flow, daily pH and temperature, and hourly sampling to make up the composites. The Contractor is responsible to monitor pH and temperature daily and record results, take monthly samples and transport as needed, employ a Metro-approved laboratory for monthly analysis of composites, and provide the Periodic Compliance Report to the Tri-City Service District by June 15 and December 15 each year as required in the permit. All results of monitoring or testing shall be regularly included in the Contractor's monthly report to Metro and copies of the Periodic Compliance Report to the Tri-City Service District shall also be provided to Metro.

Lab costs for the analysis of the samples shall be the responsibility of Metro as a pass-through. The Contractor will be responsible for cooperating with further conditions, as required, to remain in compliance with the discharge permit. If additional sampling or pretreatment of effluent is required in the future, changes will be negotiated according to the change order section.

- g) Retrofit transfer vehicles to accommodate compactor-generated loads of waste.
- h) Provide an incentive bonus to transfer vehicle drivers to ensure the quality of transport personnel throughout the period of this extension.

8. AMENDMENT NO. 3, section 4, DELETE the following:

At the end of this extension, if Contractor is not the successor contractor, Owner shall have the option to assume the lease or to purchase the equipment at 40% of its costs (including installation charges), and reimburse the Contractor for 40% of installation costs associated with structural modifications, earthwork, and landscaping (not to exceed \$5,300). Contractor shall keep adequate records of its costs to enable this calculation to be made at the end of this extension.

And SUBSTITUTE the following:

Upon expiration or termination of this agreement, Metro, at

its sole discretion, shall have the option to purchase the compactor for \$4,800. If in the event Metro does not exercise its option to purchase the compactor, Contractor shall, at its own expense, remove the compactor from the facility.

WASTECH INC.

METROPOLITAN SERVICE DISTRICT

Date

Date

Title

Title

Signature

Signature

Name

Name

*This is now
on WordPerfect*

COMMITTEE REPORT

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The Solid Waste staff stated that if the proposed contract extension was not approved by Council, they were authorized and prepared to solicit competitive bids.

VOTE

The Committee voted 4 to 0 to recommend Council adoption of Resolution No. 89-1046. Voting: Councilors Buchanan, Hansen, Kelley and Wyers. Absent: Councilor Ragsdale. This action taken at the special meeting of January 24, 1989.

RB/amm

89-1046

01/26/89

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