

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AUTHORIZING THE EXECUTIVE ) RESOLUTION NO. 95-2144  
OFFICER TO ENTER INTO AN AGREEMENT WITH )  
UNITED RECYCLING AND ENVIRONMED INC. TO ) Introduced by Mike Burton  
PURCHASE MANUFACTURING EQUIPMENT UNDER ) Executive Officer  
THE METRO RECYCLING BUSINESS DEVELOPMENT )  
GRANT PROGRAM )

WHEREAS, On December 22, 1994, the Metro Council authorized an exemption from competitive bidding and approved the issuance of a Solicitation for Applications (RFP #94R-40-SW) for recycling business development grants, and authorized the use of a multi-year contract; and

WHEREAS, An evaluation committee including experts in the areas of business management, marketing, finance, production management, recycling, and public policy, evaluated eleven applications using the criteria established in the Solicitation for Applications; and

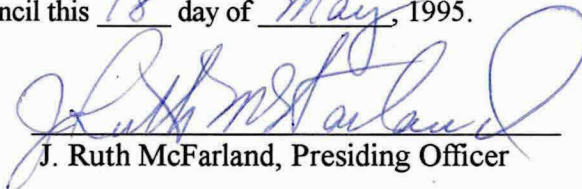
WHEREAS, The evaluation committee selected United Recycling and EnvironMed Inc. as the best applicants; and

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 enter into multi-year Public contracts with United Recycling and EnvironMed Inc. under the terms and conditions specified in Exhibit A attached to this resolution.

ADOPTED by the Metro Council this 18 day of May, 1995.

  
\_\_\_\_\_  
J. Ruth McFarland, Presiding Officer

## STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 95-2144, FOR THE PURPOSE OF AUTHORIZING THE EXECUTIVE OFFICER TO ENTER INTO AN AGREEMENT WITH UNITED RECYCLING AND ENVIRONMED INC. TO PURCHASE MANUFACTURING EQUIPMENT UNDER THE METRO RECYCLING BUSINESS DEVELOPMENT GRANT PROGRAM.

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Date: May 3, 1995

Presented by: Leigh Zimmerman  
Andy Sloop

### PROPOSED ACTION

Approve Resolution No. 95-2144 authorizing the Executive Officer to enter into a Public Contract with United Recycling and EnvironMed Inc. to purchase and utilize equipment for manufacturing certain products using local recycled materials.

### BACKGROUND

The Waste Reduction budget for FY 94-95 includes \$55,000 for a recycling business development grant program, \$30,000 of which will be spent in this fiscal year, and \$25,000 of which has been carried over to next fiscal year. In December 1994, the Contract Review Board approved an exemption from competitive bidding, the release of a Solicitation for Applications (RFP #94R-40-SW) for this project and authorized the use of a multi-year contract (Resolution No. 94-2061). The proposed contracts extend through June 30, 1996, to allow time to fabricate, install, use and evaluate the equipment purchased under this contract.

Eleven applications were received in response to Metro's Solicitation for Applications. An evaluation committee made up of a Metro Councilor, and experts in the areas of business management, marketing, finance, production management, economic development, and recycling reviewed the applications against the criteria in the Solicitation. These were: 1) financial viability; 2) management and marketing strength; 3) economic development benefit; 4) technical feasibility; and 5) solid waste impact.

Two applications were selected to receive \$27,500 matching grants each. These were submitted by United Recycling Inc. (URI) of North Plains, Oregon, and EnvironMed Inc. of Portland.

URI is an emerging gypsum drywall recycler. It will use the grant funds to improve the efficiency and throughput of its prototype processing system, as well as to convert the cellulose residue from wallboard facepaper into value-added agricultural products. URI's primary product is a prilled gypsum fertilizer. All of its products are marketed through Northern Pacific Trading, a major agricultural products distributor based in Portland.

A group of private investors launched URI in April 1993. The current management team includes individuals with significant experience in small business management and operations, medium-sized corporate procurement and inventory control, financial planning, and technical sales.

EnvironMed is a start-up company that designs and markets medical products using certain types of controlled, non-infectious plastics generated by hospitals in Oregon and Washington. Grant funds will be used to create tooling to manufacture several molded products being designed and tested under a grant from the Washington Department of Trade and Economic Development.

EnvironMed was founded by physicians in 1993. Its mission is to become the healthcare industry's leading developer, manufacturer and marketer of ecologically-sound and economical medical supplies. It currently assembles and markets a hospital pillow made from post-consumer x-ray film. The management team includes a doctor, a CPA, an MBA, and an engineering manager with significant medical product development experience. The company's president, Dr. David Sanders, founded and operated a medical clinic and an international medical journal.

URI and EnvironMed both submitted sound business plans, will be using proven technologies in innovative recycling applications, and will make strategic contributions to the region's recycling system. It is projected that within five years, these companies will recycle 13,000 tons of locally generated solid waste annually and employ 36 people. The amount of dywall disposed will be reduced by more than 45%, and the amount of hospital plastics disposed will be reduced by 25%. Metro grant funds will be leveraged with \$244,000 in direct financial contributions from the grantees and other government agencies. These recycling businesses project that they will generate more than \$30 million in gross annual revenue when they are fully operational.

The grantees will use competitive bidding processes to procure equipment under this contract.

#### BUDGET IMPACT

The FY 94-95 and FY 95-96 Solid Waste Department budgets have appropriated \$55,000 for these contracts.

#### EXECUTIVE OFFICER RECOMMENDATION

The Executive Officer recommends adoption of Resolution No. 95-2144.

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*up to  
1/2 cost*

**EXHIBIT A**

**CONTRACT NO. 904257**

**PUBLIC CONTRACT**

THIS Contract is entered into between Metro, a metropolitan service district organized under the laws of the State of Oregon and the 1992 Metro Charter, whose address is 600 NE Grand Avenue, Portland, Oregon 97232, and United Recycling, whose address is 1190 SE Frontage Road, North Plains, Oregon 97133, hereinafter referred to as the "CONTRACTOR."

In exchange for the promises and other consideration set forth below, the parties agree as follows:

**ARTICLE I  
SCOPE OF WORK**

CONTRACTOR shall perform the work and/or deliver to METRO the goods described in Attachment A, the Scope of Work, which is incorporated herein by this reference. All services and goods shall be of good quality and, otherwise, in accordance with the Scope of Work.

**ARTICLE II  
TERM OF CONTRACT**

The term of this Contract shall be for the period commencing May 1, 1995, through and including June 30, 1996.

**ARTICLE III  
CONTRACT SUM AND TERMS OF PAYMENT**

METRO shall compensate the CONTRACTOR for work performed and/or goods supplied as described in the Scope of Work. METRO shall not be responsible for payment of any materials, expenses or costs other than those which are specifically included in the Scope of Work.

**ARTICLE IV  
LIABILITY AND INDEMNITY**

CONTRACTOR is an independent contractor and assumes full responsibility for the content of its work and performance of CONTRACTOR's labor, and assumes full responsibility for all liability for bodily injury or physical damage to person or property arising out of or related to this Contract, and shall indemnify, defend and hold harmless METRO, its agents and employees, from any and all claims, demands, damages, actions, losses, and expenses, including attorney's fees, arising out of or in any way connected with its performance of this Contract. CONTRACTOR is solely responsible for paying CONTRACTOR's subcontractors and nothing contained herein shall create or be construed to create any contractual relationship between any subcontractor(s) and METRO.

## ARTICLE V TERMINATION

METRO may terminate this Contract upon giving CONTRACTOR seven (7) days written notice. In the event of termination, CONTRACTOR shall be entitled to payment for work performed to the date of termination. METRO shall not be liable for indirect or consequential damages. Termination by METRO will not waive any claim or remedies it may have against CONTRACTOR.

## ARTICLE VI INSURANCE

CONTRACTOR shall purchase and maintain at CONTRACTOR's expense, the following types of insurance covering the CONTRACTOR, its employees and agents.

A. Broad form comprehensive general liability insurance covering personal injury, property damage, and bodily injury with automatic coverage for premises and operation and product liability. The policy must be endorsed with contractual liability coverage.

B. Automobile bodily injury and property damage liability insurance. Insurance coverage shall be a minimum of \$500,000 per occurrence. If coverage is written with an aggregate limit, the aggregate limit shall not be less than \$1,000,000. METRO, its elected officials, departments, employees, and agents shall be named as an ADDITIONAL INSURED. Notice of any material change or policy cancellation shall be provided to METRO thirty (30) days prior to the change.

This insurance as well as all workers' compensation coverage for compliance with ORS 656.017 must cover CONTRACTOR's operations under this Contract, whether such operations be by CONTRACTOR or by any subcontractor or anyone directly or indirectly employed by either of them.

CONTRACTOR shall provide METRO with a certificate of insurance complying with this article and naming METRO as an insured within fifteen (15) days of execution of this Contract or twenty-four (24) hours before services under this Contract commence, whichever date is earlier.

## ARTICLE VII PUBLIC CONTRACTS

All applicable provisions of ORS chapters 187 and 279, and all other terms and conditions necessary to be inserted into public contracts in the State of Oregon, are hereby incorporated as if such provision were a part of this Agreement, including, but not limited to, ORS 279.310 to 279.320. Specifically, it is a condition of this contract that Contractor and all employers working under this Agreement are subject employers that will comply with ORS 656.017 as required by 1989 Oregon Laws, Chapter 684.

## ARTICLE VIII ATTORNEY'S FEES

In the event of any litigation concerning this Contract, the prevailing party shall be entitled to reasonable attorney's fees and court costs, including fees and costs on appeal to any appellate courts.

**ARTICLE IX  
QUALITY OF GOODS AND SERVICES**

Unless otherwise specified, all materials shall be new and both workmanship and materials shall be of the highest quality. All workers and subcontractors shall be skilled in their trades.

CONTRACTOR guarantees all work against defects in material or workmanship for a period of one (1) year from the date of acceptance or final payment by METRO, whichever is later. All guarantees and warranties of goods furnished to CONTRACTOR or subcontractors by any manufacturer or supplier shall be deemed to run to the benefit of METRO.

**ARTICLE X  
OWNERSHIP OF DOCUMENTS**

All documents of any nature including, but not limited to, reports, drawings, works of art and photographs, produced by CONTRACTOR pursuant to this agreement are the property of METRO and it is agreed by the parties hereto that such documents are works made for hire. CONTRACTOR does hereby convey, transfer and grant to METRO all rights of reproduction and the copyright to all such documents.

**ARTICLE XI  
SUBCONTRACTORS**

CONTRACTOR shall contact METRO prior to negotiating any subcontracts and CONTRACTOR shall obtain approval from METRO before entering into any subcontracts for the performance of any of the services and/or supply of any of the goods covered by this Contract.

METRO reserves the right to reasonably reject any subcontractor or supplier and no increase in the CONTRACTOR's compensation shall result thereby. All subcontracts related to this Contract shall include the terms and conditions of this agreement. CONTRACTOR shall be fully responsible for all of its subcontractors as provided in Article IV.

**ARTICLE XII  
RIGHT TO WITHHOLD PAYMENTS**

METRO shall have the right to withhold from payments due CONTRACTOR such sums as necessary, in METRO's sole opinion, to protect METRO against any loss, damage or claim which may result from CONTRACTOR's performance or failure to perform under this agreement or the failure of CONTRACTOR to make proper payment to any suppliers or subcontractors.

If a liquidated damages provision is contained in the Scope of Work and if CONTRACTOR has, in METRO's opinion, violated that provision, METRO shall have the right to withhold from payments due CONTRACTOR such sums as shall satisfy that provision. All sums withheld by METRO under this Article shall become the property of METRO and CONTRACTOR shall have no right to such sums to the extent that CONTRACTOR has breached this Contract.

**ARTICLE XIII  
SAFETY**

If services of any nature are to be performed pursuant to this agreement, CONTRACTOR shall take all necessary precautions for the safety of employees and others in the vicinity of the services being performed and shall comply with all applicable provisions of federal, state and local safety laws and building codes, including the acquisition of any required permits.

**ARTICLE XIV  
INTEGRATION OF CONTRACT DOCUMENTS**

All of the provisions of any bidding documents including, but not limited to, the Advertisement for Bids, Request for Bids or Proposals, General and Special Instructions to Bidders, Proposal, Bid, Scope of Work, and Specifications which were utilized in conjunction with the bidding of this Contract are hereby expressly incorporated by reference. Otherwise, this Contract represents the entire and integrated agreement between METRO and CONTRACTOR and supersedes all prior negotiations, representations or agreements, either written or oral. This Contract may be amended only by written instrument signed by both METRO and CONTRACTOR. The law of the state of Oregon shall govern the construction and interpretation of this Contract.

**ARTICLE XV  
ASSIGNMENT**

CONTRACTOR shall not assign any rights or obligations under or arising from this Contract without prior written consent from METRO.

**UNITED RECYCLING**

**METRO**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

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Print name and title

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Date

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Attachment A  
SCOPE OF WORK

1. Description of the Work.

A. Purchase, Install, Test and Equipment

Contractor will purchase, install, test, and operate certain shredding and related production equipment.

The first such equipment will be acquired from Pacific Shredder Technologies, Inc., 1335 NW Northrup St., Portland, Oregon. This equipment has the following nomenclature and description.

1. Shredder: Model PST 11-48 HS, 100 H.P.
2. Conveyor: Hydraulic Discharge

Equipment will be placed at the beginning of the production line in such manner as to reduce random sized drywall received from various suppliers. The intent of this equipment and its operation is to create a uniform sized material which will provide consistent feeding of equipment down line.

This change is anticipated to result in greater production of gypsum powder through the creation of even flow rates and material that is optimally sized for introduction into crushing equipment. The increased exposed surface area of the reduced drywall will also increase the recovery of gypsum from the paper backing and further expedite separation of the two materials.

The second piece of equipment complements the first. It will further reduce the paper backing for subsequent resale.

This equipment will be procured through a competitive bid process.

B. Project Monitoring and Reporting

Metro staff will visit the Contractor's site periodically to monitor implementation of the Contractor's grant project. With the exception of proprietary processing and financial information, all observations and information obtained during these visits will become part of the public record.

The Contractor will prepare three progress reports for Metro. The first must be received at Metro's offices 30 days after installation of the first shredder purchased under this contract. The second must be received at Metro's offices by December 30, 1995. The third must be received by June 30, 1996. These reports shall contain the following information:

1. Total tons of drywall *received* each month from generators in the Metro area, from July 1, 1994, through the month preceding the report.



2. Total tons of drywall *received* each month from generators outside the Metro area, from July 1, 1994, through the month preceding the report.
3. Total tons of drywall *processed* each month, from July 1, 1994, through the month preceding the report.
4. Number of tipping accounts, loads tipped and gross tipping revenue, by month, from July 1, 1994, through the month preceding the report.
5. Total tons of product sold and gross revenues for each product, by month, from July 1, 1994, through the month preceding the report.
6. Total employees and total salaries and wages, by month, from July 1, 1994, through the month preceding the report.
7. Brief narrative description/journal of barriers encountered during implementation of grant project, strategies to overcome barriers, and results of implementing strategies.

#### C. Conditions

1. Contractor will continue to test products regularly to ensure that they are safe for their intended agricultural uses.
2. A minimum of 50 percent of the post-consumer recycled material used in the Contractor's product will be from the Metro area.

#### D. Additional Documents

Metro's Solicitation for Applications for Recycling Business Development Grant (RFP #94R-40-SW), and Contractor's Grant Application, including business plan, are incorporated into this contract by this reference. In the event of any conflict, this contract, and then the Solicitation, shall prevail.

#### 2. Payment and Billing.

Contractor shall perform the above work for a maximum price not to exceed TWENTY-SEVEN THOUSAND, FIVE HUNDRED DOLLARS (\$27,500).

The maximum price includes all fees, costs and expenses of whatever nature. Metro will pay Contractor in two installments. The first installment will be \$15,000 payable within 30 days of contract execution and prior to June 30, 1995. The second payment will be \$12,500. This payment will be contingent upon receipt of the first progress report and satisfactory installation and start-up of the first shredder purchased under this contract. The second payment will be payable prior to June 30, 1996.

Contractor will provide Metro with itemized invoices for all equipment purchased under this grant.

**PUBLIC CONTRACT**

THIS Contract is entered into between Metro, a metropolitan service district organized under the laws of the State of Oregon and the 1992 Metro Charter, whose address is 600 NE Grand Avenue, Portland, Oregon 97232, and EnvironMed Inc., whose address is 4834 N. Interstate, Portland, OR 97217, hereinafter referred to as the "CONTRACTOR."

In exchange for the promises and other consideration set forth below, the parties agree as follows:

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**ARTICLE XV  
ASSIGNMENT**

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**ENVIRONMED INC.**

**METRO**

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Signature

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Signature

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Print name and title

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Attachment A

SCOPE OF WORK

1. Description of the Work.

A. Purchase Molded Plastic Product Manufacturing Tooling

Through a competitive bidding process, contractor will subcontract for the tooling and manufacturing of a line of molded plastic products for use in hospitals. Products in this line will be designed to the specifications established under a parallel grant (CTED 94-C-060-A). Contractor has obtained from the Clean Washington Center, a division of the Washington State Department of Trade and Economic Development located at 2001 6th Ave, Suite 2700, Seattle, Washington, 98121.

The product line manufactured with the tooling created under this grant will be made using a minimum of 10% post-consumer recycled polypropylene by weight. This feedstock will come from controlled, non-infectious plastics recovered from hospitals in Oregon and Washington. A minimum of 50% of this feedstock will come from the Metro area.

B. Project Monitoring and Reporting

Metro staff will visit the Contractor's site periodically to monitor implementation of the Contractor's grant project. With the exception of proprietary processing and financial information, all observations and information obtained during these visits will become part of the public record.

The Contractor will prepare three progress reports for Metro. The first must be received at Metro's offices within 45 days after completion of the first manufacturing mold created under this grant. The second must be received in Metro's office by December 30, 1995. The third must be received at Metro's offices by June 30, 1996. These reports shall contain the following information:

1. Total tons of tons of post-consumer plastics *received* each month from generators in the Metro area, from July 01, 1994 through the month preceding the report.
2. Total tons of post-consumer plastics *received* each month from generators outside the Metro area, from July 01, 1994 through the month preceding the report.
3. Total tons of post-consumer plastic *processed* each month, from July 01, 1994 through the month preceding the report.

4. Number of generators served and number of loads received, by month, from July 1, 1994 through the month preceding the report.
5. Total tons of product sold and gross revenues for each product, by month, from July 1, 1994 through the month preceding the report.
6. Total employees and total salaries and wages, by month, from July 1, 1994 through the month preceding the report.
7. Brief narrative description/journal of barriers encountered during implementation of grant project, strategies to overcome barriers, and results of implementing strategies.

**C. Additional Documents**

Metro's Solicitation for Applications for Recycling Business Development Grant (RFP #94R-40-SW), and Contractor's Grant Application, including business plan, are incorporated into this contract by this reference. In the event of any conflict, this contract, and then the Solicitation, shall prevail.

**2. Payment and Billing.**

Contractor shall perform the above work for a maximum price not to exceed TWENTY-SEVEN THOUSAND, FIVE HUNDRED DOLLARS (\$27,500).

The maximum price includes all fees, costs and expenses of whatever nature. Metro will pay Contractor in two installments. The first installment will be \$15,000 payable within 30 days of contract execution, and prior to June 30, 1995. The second payment will be \$12,500. This payment will be contingent upon receipt of the first progress report and satisfactory completion and testing of the first mold purchased under this contract. The second payment will payable prior to June 30, 1996.

Contractor will provide Metro with itemized invoices for the manufacturing molds purchased under this grant.

Checks from Metro will be payable to Contractor and the relevant subcontractor(s), and they will require the signatures of both the Contractor and the relevant subcontractors to cash.

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