

# Agenda Report

TO: CITY COUNCIL

September 27, 1999

FROM: CITY MANAGER

SUBJECT: AMEND THE EXISTING FURNISH AND DELIVERY CONTRACT NO. 16,756 WITH TOTER INCORPORATED FOR THE PURCHASE OF ADDITIONAL CONTAINERS AND TO INCREASE THE TOTAL SUM OF THE CONTRACT.

## RECOMMENDATION

It is recommended that City Council:

- 1) Increase the not to exceed amount of contract number 16,756 with Toter Inc., for a new not to exceed amount of \$1,550,000, for the purchase of additional 60 and 100 gallon automated collection containers and parts.
- 2) Amend Section 3.0 of contract number 16,756 with Toter Inc. to eliminate the requirement of not to exceed \$212,000 in any one year term of the Contract.
- 3) Authorize the City Manager to enter into a separate contract with Toter Inc., in an amount not to exceed \$250,000 for the purchase of 32 gallon automated collection containers. Competitive bidding is not required pursuant to City Charter Section 1002(H) contracts with other governmental entities or their contractors. It is further recommended that the City Council grant this contract a partial exemption from the competitive selection process of the Affirmative Action in Contracting Ordinance, pursuant to section 4.09.060[C] contracts for which the City's best interests are served.
- 4) Approve an advance of \$1.8 million from the General Fund Working Capital Account for the purchase of the containers.
- 5) Adopt a resolution declaring the City's intention to reimburse itself from the proceeds of one or more tax-exempt financings for the purchase of additional refuse containers as well as other capital items as designated in the attached resolution.

## BACKGROUND

The Street Maintenance and Integrated Waste Management Division of the Public Works and Transportation Department received City Council approval to restructure the way refuse collection services are provided. The new program is volume based or more commonly referred to as "Pay As You Throw". The City Council decision to implement the new program citywide was based on the success of the recently completed pilot program

that furnished Pasadena residents with new larger automated recycling containers. An amendment to the existing contract will provide the funding and ability to provide ALL Pasadena residents with a larger recycling container on wheels. Upon approval of this request, staff will be able to expedite this process, and it is anticipated every residential unit will be provided the new larger recycling container before the end of the year.

The new program will require the purchase of 41,556 new collection containers at a cost of \$1.8 million. These include approximately 27,000 (60 gallon) blue-lid containers for recycling at every household, 10,642 additional (100 gallon) black-lid yard waste containers for recycling at every household, and 3,914 (32 gallon) green-lid trash containers to accommodate those residents who can significantly reduce their trash disposal. This additional container purchase is permitted per Section 3.5 of the bid specifications dated July 1, 1998, which state that the City reserves the right to change quantities.

The original contract with Toter Inc. was for a not to exceed amount of \$212,500 per year to provide 60 and 100 gallon containers for the pilot area. In order to implement the program citywide and purchase the remaining containers, the existing contract needs to be amended and increased to \$1,550,000.

Columbus, Ohio went through a formal bidding process and received an excellent bid price for 32 gallon containers. Pasadena can by City Charter "piggyback" on this bid and receive the same containers for the same price as Columbus. Therefore, with Council approval, a separate contract not to exceed \$250,000 to purchase 32 gallon containers off of the Columbus, Ohio bid would be appropriate.

Purchase and delivery of the containers is the next step in implementation of the "Pay As You Throw" program citywide. It will give Pasadena citizens choices which include automated curbside recycling, yard waste recycling, financial incentives with unit-based pricing, and a variable container size system. It will also make recycling easy and cost effective for residents. The combination of these efforts will enable the City of Pasadena to meet the State-mandated 50% recycling goal.

The Department of Finance, Treasury Division, has secured lease financing for a period of up to eight (8) years at a rate of 5.2%, for the purpose of financing several capital equipment acquisitions, a list of which is provided in the accompanying resolution. This financing will enable the City to acquire needed capital items for which funding for the outright purchase is not available in the current budget.

The City Council is not being asked to approve this financing at this time. The purpose of the proposed resolution is to enable the City to reimburse itself from the proceeds of the financing for any outlays, such as the refuse containers, made prior to receipt of the financing. The Department of Finance will be bringing forward a recommendation to approve the financing in early October.

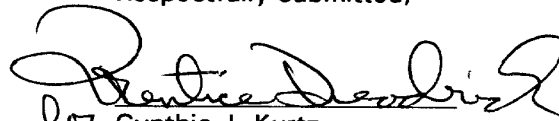
#### FISCAL IMPACT

On May 10, 1999, City Council authorized \$4.9 million to finance implementation of the "Pay As You Throw" refuse and recycling program citywide. Of this \$4.9 million, \$2.8


million was to purchase equipment, \$1.8 million was to purchase containers, and \$300,000 was to provide equipment for the conversion of the refuse fleet to alternative fuel. The Finance Department is in the process of securing the \$4.9 million and in the interim has recommended that the City borrow money (from itself) until a repayment schedule is in place.

The advanced funds will be taken from the General Fund's Working Capital and will be reimbursed upon the close of the financing which is estimated to happen before the end of the calendar year.

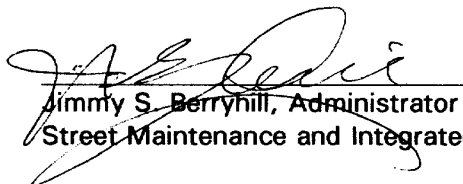
Respectfully submitted,

  
for Cynthia J. Kurtz  
City Manager

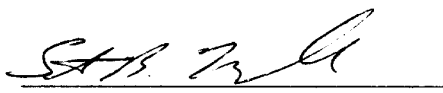
Prepared by:

  
for Richard A. Urban, Management Analyst IV  
Street Maintenance and Integrated Waste Management

Reviewed by:

  
Jimmy S. Berryhill, Administrator  
Street Maintenance and Integrated Waste Management

Reviewed by:

  
Steve Mermell, Purchasing Administrator  
Department of Finance

Approved by:

  
for Jack A. Lidy, Acting Director  
Public Works and Transportation Department