



Office of the City Manager

ACTION CALENDAR
June 29, 2010

To: Honorable Mayor and Members of the City Council

From: *PK* Phil Kamlarz, City Manager

Submitted by: Claudette Ford, Director, Public Works

Subject: Purchase Agreement with Arata Equipment Company and Master Lease/Purchase Agreement with Banc of America Public Capital Corporation for Recycling Split Carts

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to issue a purchase order with Arata Equipment Company for the purchase of 31,000 curbside carts for the residential recycling program, at a cost not to exceed \$2,507,310; and executing a Schedule to a Master Equipment Lease/Purchase Agreement to purchase and make annual lease payments for the curbside recycling carts with Banc of America Public Capital Corporation for a maximum annual lease payment not to exceed \$410,000 to be paid over seven years at a not-to-exceed interest rate of 3.50%, with a first payment commencing no later than January 1, 2011.

FISCAL IMPACTS OF RECOMMENDATION

Arata Equipment Company offered the only responsive bid of two responders to an invitation for bids. The second bidder's product did not meet the specifications. The cost is \$2,507,310 for 31,000 curbside carts, assembly and delivery to residents, and transportation by truck. The purchase price consists of the following components:

Quantity	Type	Price	Cost
24,200	64-gallon split carts	\$72.20	\$1,747,240
5,000	64-gallon standard carts	\$37.96	\$189,000
1,800	96-gallon standard carts	\$42.50	\$76,500
31,000			
	Cart assembly and distribution	\$4.56	\$141,360
	Shipping		\$156,090
	Tax (carts only)		\$196,320
Total			\$2,507,310

The CMS number is MR5LP.

The City proposes to enter into a lease/purchase agreement with a third party lender, Banc of America Public Capital Corporation, in an amount not to exceed \$2,525,000 to be amortized over seven years at a not-to-exceed interest rate of 3.50%, with a first payment commencing no later than January 1, 2011.

Funding for the semi-annual lease payments of \$204,918 (\$409,836 annually) is available in the FY 2011 Refuse Fund budget (820-5612-432-8210 & 8225). The first payment is anticipated to be made January 1, 2011 for \$204,918.

CURRENT SITUATION AND ITS EFFECTS

On March 9, 2010 the City released an invitation for bid ("IFB") for split and standard recycling carts. Two companies responded. Arata Equipment Company Industries' overall bid is higher than the other bidder due to increased transportation costs. However, the low bidder's product is not compatible with the Ecology Center's existing equipment as specified in the IFB, and does not meet other essential performance requirements specified in the IFB. Therefore, the low bidder is non-responsive, leaving the Arata Equipment Company as the lowest responsive and responsible bidder. The scope of service includes assembly and delivery of carts to each residence over a six-week period that we expect to start in October of 2010. The carts will contain a minimum of 25% recycled plastic and have a ten-year guarantee.

These carts will be provided to residents to replace their current bin and bag method of setting out curbside recyclables. Single-family and duplex properties will receive the split curbside carts. Multi-family properties of 3-9 units will receive separate, standard carts for containers and papers.

The new carts are compatible with trucks purchased by the Ecology Center in 2007 that were specifically designed for split-cart collection.

BACKGROUND

The City's curbside recycling is collected through a contract with the Berkeley Ecology Center. Residents have been required to put recyclable containers in a blue plastic curbside bin, and papers in paper bags or bundles, set at the curb. This method is inconvenient, exposes material to weather, contributes to blow-away litter and makes materials easily available to poachers.

Most Bay Area cities have upgraded to using carts for recycling collection. Carts provide the advantages of weatherproof storage, more room for materials and permanent graphic recycling instructions. Residents will no longer need to use paper bags to recycle, which is in line with our waste reduction goals.

Changing from curbside bins to carts is expected to increase residential recycling participation by 10-20%. In this way we hope to recover most of the 2,000 tons of recyclables left in the residential waste stream.

Dual-compartment split carts will allow the City to maintain the separation between containers (bottles and cans) and papers, to ensure that the City's materials will be clean and useful for manufacturing other products. The split-carts can be converted to single-stream use if the City decides to change its collection method in the future.

RATIONALE FOR RECOMMENDATION

The carts will provide residents a convenient recycling method, and help the City meet its diversion goals. Arata Equipment Company provides a high quality cart that meets all program requirements.

ALTERNATIVE ACTIONS CONSIDERED

The City considered two responses to the Invitation to Bid.

CONTACT PERSON

Lisa Malek-Zadeh, Senior Budget Specialist, Public Works, 981-6306
Andy Schneider, Recycling Program Manager, Public Works, 981-6357

Attachments:

1: Resolution

RESOLUTION NO. ##,###-N.S.

PURCHASE AGREEMENT WITH ARATA EQUIPMENT COMPANY AND MASTER LEASE/PURCHASE AGREEMENT WITH BANC OF AMERICA PUBLIC CAPITAL CORPORATION FOR RECYCLING SPLIT CARTS

WHEREAS, 31,000 residential curbside recycling carts are needed by the City of Berkeley to increase recycling diversion to comply with the City's zero waste goals; and

WHEREAS, the carts are used to store residential recyclables until they are collected; and

WHEREAS, and invitation for bid was duly advertised and the low bid was non-responsive; and

WHEREAS, Arata Equipment Company is the lowest responsive and responsible bidder; and

WHEREAS, the City received financing proposals from a number of lending institutions and selected Banc of America Public Capital Corp with the most favorable financing terms; and

WHEREAS, the City of Berkeley ("City") previously entered into a Master Equipment Lease/Purchase Agreement dated as of January 28, 2009 (the "Master Lease/Purchase Agreement") with Banc of America Public Capital Corp., a Kansas corporation ("Lessor"); and

WHEREAS, the Master Lease provides for additional "Leases," which are defined in the Master Lease/Purchase Agreement as Schedules to the Master Lease/Purchase Agreement, all for the purpose of financing the acquisition of equipment by the City; and

WHEREAS, the City wishes to finance the acquisition of curbside recycling carts (the "Equipment") and, for that purpose, wishes to authorize execution and delivery of a Schedule to the Master Lease/Purchase Agreement;

NOW, THEREFORE, BE IT RESOLVED, by the Council that the City Manager or his designee is authorized to issue a purchase order to Arata Equipment Company for the purchase of residential recycling carts; and

NOW, THEREFORE, BE IT FURTHER RESOLVED, by the Council, as follows:

Section 1. Execution and Delivery of a Schedule. The Council hereby authorizes the execution and delivery of a Schedule to the Master Lease/Purchase Agreement for the purpose of financing the Equipment, provided that the term of the Schedule shall not exceed 7 years, the maximum principal component of the lease payments to be paid by the City under the Schedule shall not exceed \$2,525,000, and the maximum annual lease payment shall not exceed \$410,000.

The Council hereby approves and separately authorizes the City Manager, the Deputy City Manager or the Finance Director (each an "Authorized Officer") to execute the Schedule, and the City Clerk is hereby authorized and directed to attest and affix the seal of the City to the Schedule, in substantially the form of the Schedule on file with the City Clerk, together with any changes therein or additions thereto deemed advisable by the Authorized Officer, whose execution thereof shall be conclusive evidence of approval of any such additions and changes.

Section 2. Official Actions. The Authorized Officer, the City Clerk and all other officers of the City are each authorized and directed in the name and on behalf of the City to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the documents approved pursuant to this Resolution. Whenever in this resolution any officer of the City is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

Section 3. Effective Date. This resolution shall take effect from and after the date of approval and adoption thereof.

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The foregoing Resolution was adopted by the City Council of the City of Berkeley, California on June 29, 2010, by the following vote:

AYES:

NOES:

ABSENT:

(SEAL)

Mayor and President of the Council

Attest:

City Clerk

