



# SHOREWAY OPERATIONS AND CONTRACT MANAGEMENT





## STAFF REPORT

**To:** SBWMA Board Members  
**From:** Hilary Gans, Facility Operations Contracts Manager  
**Date:** February 26, 2015 Board of Directors Meeting  
**Subject:** Resolution Approving New Capital Request by SBR for One Transfer Trailer for Hauling Organic Materials

### Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2015-05 attached hereto authorizing the following action:

Approving New Capital Request by SBR for One Transfer Trailer for Hauling Organic Materials

### Summary

SBR is required to deliver organic materials to compost facilities designated by the SBWMA in the quantities specified in the Organics Processing Agreements with Newby Island (Browning-Ferris of California, Inc.); Recology-Grover Environmental Products; and Harvest Power California, LLC. as approved by the Board on October 23, 2014. In these new agreements starting on January 1, 2015, additional organic materials will be traveling a greater distance which will require additional drive-time and an additional trailer.

### Analysis

SBR started the Operations Agreement in 2011 with ten walking floor trailers to transport the garbage, organic materials and C&D to various processors designated by the SBWMA. Effective January 1, 2015, the SBWMA entered into new Organics Processing Agreements with Newby Island, Recology-Grover and Harvest Power (refer to October 23, 2014 staff report *Organics Processing Agreements* that provides an evaluation of the tipping fee and the transportation cost for organic materials handling). The SBWMA previously had four-year Agreements in place with Newby Island and Recology-Grover through December 31, 2014. One of the changes to the organics processing agreements included a shift of tonnage between the two previously contracted composters; Newby Island is to receive 15,000 tons per year less and Recology-Grover 15,000 tons per year more than was specified in the prior contracts (roughly 600 loads per year or 2.5 loads per day). Transporting the additional tonnage the additional 48 mile distance to Recology-Grover requires more driving time by SBR and an additional trailer (Table 1 below shows the tonnage and distance to the contracted composters).

Table 1

<u>Contracted Composter</u>	<u>Term of Agreements</u>	<u>2015 Estimated Shipments</u>	<u>Total Transport Distance (miles)</u>
Newby Island	3 years	40,000 tons	25
Grover/Recology	6 years	55,000 tons	73
Harvest Power	3 years	0 - 10,000 tons	70

As noted in the October 23, 2014 staff report, this shift in tonnage to further away composting sites makes financial sense when you compare the total cost per ton for processing and transportation between the three contracted sites.

On January 30, 2015, staff received a new trailer request from SBR and a quote from Tuxford Maintenance (see **Attachment A**) to manufacture a new custom stainless steel walking floor trailer to match SBR's existing fleet. The cost for the trailer is \$118,412.38 with sales tax, and it is anticipated that the trailer will be available for service ten weeks from date that the order is placed.

Staff and SBR evaluated an alternative option of running the existing truck fleet on a 24 hours basis to make up the drive time, but this would require additional transfer station and maintenance staffing and proved to be more expensive than purchasing an additional trailer.

### **Background**

The SBWMA composts all of the franchise organic materials collected by Recology though the use of three contracted composting facilities. The tonnage committed to each composter was adjusted to provide the best value to the Agency (refer to October 23, 2014 staff report *Organics Processing Agreements* that provides an evaluation of the tipping fee and the transportation cost). The need for an additional trailer was anticipated by staff and SBR and is now being brought to the Board for approval.

### **Fiscal Impact**

The cost of an additional walking floor trailer is \$118,412.38 with sales tax. The trailer will be purchased by SBR and the SBWMA will pay SBR \$2,055.82 per month for the trailer through the regular monthly invoice process over the next 5.5 year term of the Operating Agreement (\$2,055.82 per month is depreciation and interest expense associated with the new trailer). At the expiration of the current Operations Agreement, the SBWMA has the right, as with all other contractor's equipment, to purchase the trailer at its net book value.

For purposes of comparison, the cost of the trailer will add roughly \$0.22 per ton to the current average cost per ton of \$66.47 for transportation and tipping for a new average cost of approximately \$66.69 per ton. It is estimated that the SBWMA would start payments for the trailer in August of 2015 so there would not be a financial impact to the current fiscal year budget. The total financial impact for the balance of 2015 calendar year is estimated at \$8,223.28.

### **Attachments:**

Resolution 2015-05

Exhibit A - Trailer Purchase Proposal from SBR with Trailer Quotation from Tuxford Maintenance



## RESOLUTION NO. 2015-05

### RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS APPROVING NEW CAPITAL REQUEST BY SBR FOR ONE TRANSFER TRAILER FOR HAULING ORGANIC MATERIALS

**WHEREAS**, SBR provides organic materials transportation services under the Shoreway Operations Agreement; and

**WHEREAS**, SBR has requested one additional walking floor trailer to provide the transportation services required by the new organics processing agreements with Newby Island and Recology-Grover; and

**WHEREAS**, SBR has proposed to purchase a trailer and the SBWMA has agreed to the terms of the attached proposal for payment for an additional walking floor.

**NOW, THEREFORE BE IT RESOLVED** that the South Bayside Waste Management Authority hereby approves the new capital request for one transfer trailer for hauling organic materials.

**PASSED AND ADOPTED** by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 26<sup>th</sup> day of February, 2015, by the following vote:

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Atherton					Menlo Park				
Belmont					Redwood City				
Burlingame					San Carlos				
East Palo Alto					San Mateo				
Foster City					County of San Mateo				
Hillsborough					West Bay Sanitary Dist.				

I HEREBY CERTIFY that the foregoing Resolution No. 2015-05 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on February 26, 2015.

ATTEST:

\_\_\_\_\_  
Bill Widmer, Chairperson of SBWMA

\_\_\_\_\_  
Cyndi Urman, Board Secretary

## Trailer Purchase Agreement

South Bay Recycling, a California limited liability Company (“SBR”), and the South Bayside Waste Management Authority, a California JPA (“SBWMA”) do hereby enter into this Purchase Agreement effective this date \_\_\_\_\_ 2015. Within 72 hours of both parties executing this Purchase Agreement, SBR will place an order with Tuxford Maintenance for a 2015 TMI 45 foot Stainless Steel Walking Floor (“Equipment”) for the price quoted in the attached estimated quote dated January 30, 2015, which is as follows:

**1. Purchase cost:**

Price:	\$107,550.00
Tax:	\$9,948.38
Delivery Charge:	<u>\$914.00</u>
<b>Total:</b>	<b>\$118,412.38</b>

**2. Financing plan:**

- a. 5% annual interest.
- b. Anticipated payment schedule over 66 months (may vary depending on start date of equipment service).

SBR will use its own capital to purchase the Equipment. Upon receiving the Equipment at the Shoreway Facility, SBR will notify the SBWMA. SBR will inspect the Equipment within 72 hours taking delivery, and will work with Tuxford Maintenance to resolve any issues it may find during its inspection. Once SBR determines the Equipment is safe to place into service, SBR will notify the SBWMA. The equipment will be maintained and operated in compliance with the applicable provisions of the Operations Agreement. When the Equipment is placed into service, the Amortization Schedule (see attached) will be modified so the initial payment date is on the first day of the month following the placement of the Equipment into service and the last date is December 31, 2020. It is agreed by the parties that the SBWMA will make a payment to SBR in the amount listed on the Payment line of the Amortization Schedule on the 15<sup>th</sup> of each month for the prior month. This payment will be made through the established SBR monthly invoice process. After the final payment, the SBWMA will have the option per Section 5.10 of the Operations Agreement to purchase the Equipment at its net book value, which will be Zero (\$0.00) Dollars.

**SOUTH BAY RECYCLING, LLC**

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY**

Daniel Domonoske, Vice President

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Kevin McCarthy, Executive Director

## SBR Walking Floor Trailer Amortization Schedule

Enter values

Loan amount	\$ 118,412.38
Annual interest rate	5.00%
Loan period in years	6
Start date of loan	7/1/2015

Monthly payment	\$ 2,055.82
Number of payments	66
Total interest	\$ 17,271.99
Total cost of loan	\$ 135,684.37

No.	Payment Date	Beginning Balance	Payment	Principal	Interest	Ending Balance
1	8/1/2015	\$ 118,412.38	\$ 2,055.82	\$ 1,562.44	\$ 493.38	\$ 116,849.94
2	9/1/2015	\$ 116,849.94	\$ 2,055.82	\$ 1,568.95	\$ 486.87	\$ 115,280.99
3	10/1/2015	\$ 115,280.99	\$ 2,055.82	\$ 1,575.49	\$ 480.34	\$ 113,705.51
4	11/1/2015	\$ 113,705.51	\$ 2,055.82	\$ 1,582.05	\$ 473.77	\$ 112,123.46
5	12/1/2015	\$ 112,123.46	\$ 2,055.82	\$ 1,588.64	\$ 467.18	\$ 110,534.81
6	1/1/2016	\$ 110,534.81	\$ 2,055.82	\$ 1,595.26	\$ 460.56	\$ 108,939.55
7	2/1/2016	\$ 108,939.55	\$ 2,055.82	\$ 1,601.91	\$ 453.91	\$ 107,337.64
8	3/1/2016	\$ 107,337.64	\$ 2,055.82	\$ 1,608.58	\$ 447.24	\$ 105,729.06
9	4/1/2016	\$ 105,729.06	\$ 2,055.82	\$ 1,615.29	\$ 440.54	\$ 104,113.77
10	5/1/2016	\$ 104,113.77	\$ 2,055.82	\$ 1,622.02	\$ 433.81	\$ 102,491.76
11	6/1/2016	\$ 102,491.76	\$ 2,055.82	\$ 1,628.77	\$ 427.05	\$ 100,862.98
12	7/1/2016	\$ 100,862.98	\$ 2,055.82	\$ 1,635.56	\$ 420.26	\$ 99,227.42
13	8/1/2016	\$ 99,227.42	\$ 2,055.82	\$ 1,642.38	\$ 413.45	\$ 97,585.04
14	9/1/2016	\$ 97,585.04	\$ 2,055.82	\$ 1,649.22	\$ 406.60	\$ 95,935.82
15	10/1/2016	\$ 95,935.82	\$ 2,055.82	\$ 1,656.09	\$ 399.73	\$ 94,279.73
16	11/1/2016	\$ 94,279.73	\$ 2,055.82	\$ 1,662.99	\$ 392.83	\$ 92,616.74
17	12/1/2016	\$ 92,616.74	\$ 2,055.82	\$ 1,669.92	\$ 385.90	\$ 90,946.82
18	1/1/2017	\$ 90,946.82	\$ 2,055.82	\$ 1,676.88	\$ 378.95	\$ 89,269.94
19	2/1/2017	\$ 89,269.94	\$ 2,055.82	\$ 1,683.87	\$ 371.96	\$ 87,586.08
20	3/1/2017	\$ 87,586.08	\$ 2,055.82	\$ 1,690.88	\$ 364.94	\$ 85,895.20
21	4/1/2017	\$ 85,895.20	\$ 2,055.82	\$ 1,697.93	\$ 357.90	\$ 84,197.27
22	5/1/2017	\$ 84,197.27	\$ 2,055.82	\$ 1,705.00	\$ 350.82	\$ 82,492.27
23	6/1/2017	\$ 82,492.27	\$ 2,055.82	\$ 1,712.11	\$ 343.72	\$ 80,780.16
24	7/1/2017	\$ 80,780.16	\$ 2,055.82	\$ 1,719.24	\$ 336.58	\$ 79,060.92
25	8/1/2017	\$ 79,060.92	\$ 2,055.82	\$ 1,726.40	\$ 329.42	\$ 77,334.52
26	9/1/2017	\$ 77,334.52	\$ 2,055.82	\$ 1,733.60	\$ 322.23	\$ 75,600.92

No.	Payment Date	Beginning Balance	Payment	Principal	Interest	Ending Balance
27	10/1/2017	\$ 75,600.92	\$ 2,055.82	\$ 1,740.82	\$ 315.00	\$ 73,860.10
28	11/1/2017	\$ 73,860.10	\$ 2,055.82	\$ 1,748.07	\$ 307.75	\$ 72,112.03
29	12/1/2017	\$ 72,112.03	\$ 2,055.82	\$ 1,755.36	\$ 300.47	\$ 70,356.67
30	1/1/2018	\$ 70,356.67	\$ 2,055.82	\$ 1,762.67	\$ 293.15	\$ 68,594.00
31	2/1/2018	\$ 68,594.00	\$ 2,055.82	\$ 1,770.02	\$ 285.81	\$ 66,823.98
32	3/1/2018	\$ 66,823.98	\$ 2,055.82	\$ 1,777.39	\$ 278.43	\$ 65,046.59
33	4/1/2018	\$ 65,046.59	\$ 2,055.82	\$ 1,784.80	\$ 271.03	\$ 63,261.80
34	5/1/2018	\$ 63,261.80	\$ 2,055.82	\$ 1,792.23	\$ 263.59	\$ 61,469.56
35	6/1/2018	\$ 61,469.56	\$ 2,055.82	\$ 1,799.70	\$ 256.12	\$ 59,669.86
36	7/1/2018	\$ 59,669.86	\$ 2,055.82	\$ 1,807.20	\$ 248.62	\$ 57,862.67
37	8/1/2018	\$ 57,862.67	\$ 2,055.82	\$ 1,814.73	\$ 241.09	\$ 56,047.94
38	9/1/2018	\$ 56,047.94	\$ 2,055.82	\$ 1,822.29	\$ 233.53	\$ 54,225.65
39	10/1/2018	\$ 54,225.65	\$ 2,055.82	\$ 1,829.88	\$ 225.94	\$ 52,395.76
40	11/1/2018	\$ 52,395.76	\$ 2,055.82	\$ 1,837.51	\$ 218.32	\$ 50,558.25
41	12/1/2018	\$ 50,558.25	\$ 2,055.82	\$ 1,845.16	\$ 210.66	\$ 48,713.09
42	1/1/2019	\$ 48,713.09	\$ 2,055.82	\$ 1,852.85	\$ 202.97	\$ 46,860.24
43	2/1/2019	\$ 46,860.24	\$ 2,055.82	\$ 1,860.57	\$ 195.25	\$ 44,999.66
44	3/1/2019	\$ 44,999.66	\$ 2,055.82	\$ 1,868.33	\$ 187.50	\$ 43,131.34
45	4/1/2019	\$ 43,131.34	\$ 2,055.82	\$ 1,876.11	\$ 179.71	\$ 41,255.23
46	5/1/2019	\$ 41,255.23	\$ 2,055.82	\$ 1,883.93	\$ 171.90	\$ 39,371.30
47	6/1/2019	\$ 39,371.30	\$ 2,055.82	\$ 1,891.78	\$ 164.05	\$ 37,479.53
48	7/1/2019	\$ 37,479.53	\$ 2,055.82	\$ 1,899.66	\$ 156.16	\$ 35,579.87
49	8/1/2019	\$ 35,579.87	\$ 2,055.82	\$ 1,907.57	\$ 148.25	\$ 33,672.29
50	9/1/2019	\$ 33,672.29	\$ 2,055.82	\$ 1,915.52	\$ 140.30	\$ 31,756.77
51	10/1/2019	\$ 31,756.77	\$ 2,055.82	\$ 1,923.50	\$ 132.32	\$ 29,833.27
52	11/1/2019	\$ 29,833.27	\$ 2,055.82	\$ 1,931.52	\$ 124.31	\$ 27,901.75
53	12/1/2019	\$ 27,901.75	\$ 2,055.82	\$ 1,939.57	\$ 116.26	\$ 25,962.18
54	1/1/2020	\$ 25,962.18	\$ 2,055.82	\$ 1,947.65	\$ 108.18	\$ 24,014.53
55	2/1/2020	\$ 24,014.53	\$ 2,055.82	\$ 1,955.76	\$ 100.06	\$ 22,058.77
56	3/1/2020	\$ 22,058.77	\$ 2,055.82	\$ 1,963.91	\$ 91.91	\$ 20,094.86
57	4/1/2020	\$ 20,094.86	\$ 2,055.82	\$ 1,972.10	\$ 83.73	\$ 18,122.76
58	5/1/2020	\$ 18,122.76	\$ 2,055.82	\$ 1,980.31	\$ 75.51	\$ 16,142.45
59	6/1/2020	\$ 16,142.45	\$ 2,055.82	\$ 1,988.56	\$ 67.26	\$ 14,153.89
60	7/1/2020	\$ 14,153.89	\$ 2,055.82	\$ 1,996.85	\$ 58.97	\$ 12,157.04
61	8/1/2020	\$ 12,157.04	\$ 2,055.82	\$ 2,005.17	\$ 50.65	\$ 10,151.87
62	9/1/2020	\$ 10,151.87	\$ 2,055.82	\$ 2,013.52	\$ 42.30	\$ 8,138.34
63	10/1/2020	\$ 8,138.34	\$ 2,055.82	\$ 2,021.91	\$ 33.91	\$ 6,116.43
64	11/1/2020	\$ 6,116.43	\$ 2,055.82	\$ 2,030.34	\$ 25.49	\$ 4,086.09
65	12/1/2020	\$ 4,086.09	\$ 2,055.82	\$ 2,038.80	\$ 17.03	\$ 2,047.29
66	1/1/2021	\$ 2,047.29	\$ 2,055.82	\$ 2,047.29	\$ 8.53	\$ (0.00)



# TUXFORD MAINTENANCE

10218 Pendleton Street  
Sun Valley, CA 91352  
(818) 504-1431

## Estimate / Quote

Date: January 30, 2015

Customer: South Bay Recycling, LLC

Item: (1) 2015 TMI 45' Stainless Steel Walking Floor      \$107,550.  
Trailer Matching the specification of the 2010  
trailers built for SBR

Delivery: 10 weeks from receipt of order

Sales and/or use tax will be charged with final invoice

Sales tax 9.25%

Delivery Charge 914<sup>00</sup> (Trailer Transfer)