



IN CITY COUNCIL

Marlborough, Mass., JANUARY 23, 2012

ORDERED:

That the transfer request in the amount of \$303,805.00 which moves funds from Long Term Debt Interest to Curb Containers and \$574,240.70 which moves funds from Multi Purpose Bond to Curb Containers for the purpose of purchasing the containers for automated curbside collection of solid waste and recyclables, be and is herewith refer to **FINANCE COMMITTEE**.

FROM:

Acct. # 60075106-58964 Long Term Debt Interest	\$303,805.00
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Acct. # 60071106-59963 Multi Purpose Bond	\$574,240.70
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TO:

Acct. # 19300006-58100 Curb Containers	\$303,805.00
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Acct. # 19300006-58100 Curb Containers	\$574,240.70
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ADOPTED

ORDER NO. 12-1004037



City of Marlborough

Office of the Mayor

140 Main Street
Marlborough, Massachusetts 01752
Tel. (508) 460-3770 Facsimile (508) 460-3698 TDD (508) 460-3610

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CITY OF MARLBOROUGH

2012 JAN 19 P 4:54

Arthur G. Vigeant 5
MAYOR

Michael C. Berry
EXECUTIVE AIDE

Patricia Bernard
EXECUTIVE SECRETARY

January 18, 2012

City Council President Patricia Pope
Marlborough City Council
140 Main Street
Marlborough, MA 01752

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Honorable President Pope and Councilors:

I am submitting for your approval two transfer requests for the purposes of purchasing the containers for automated curbside collection of solid waste and recyclables:

- 1) Transfer in the amount of \$303,805.00 moving funds from account number 60075106-58964 (Long Term Debt Interest) to account number 19300006-58100 (Curb Containers).
- 2) Transfer in the amount of \$574,240.70 moving funds from account number 60071106-59963 (Multi Purpose Bond) to account number 19300006-58100 (Curb Containers).

As you know, former Mayor Nancy Stevens signed the trash contract in December. It is now our obligation to fund any outstanding obligations related to this agreement. After what I believe was a very thorough procurement process, I am recommending the outright purchase of these containers through Otto Environmental Systems, Inc.

Enclosed is backup documentation from Chief Procurement Officer Beverly Sleeper relative to the specifics of the procurement process. I look forward to working with you on implementing this agreement in the most efficient way possible. Please do not hesitate to contact my office with any questions or concerns.

Sincerely,


Arthur G. Vigeant
Mayor



City of Marlborough
Legal Department

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DONALD V. RIDER, JR.
CITY SOLICITOR

CYNTHIA M. PANAGORE GRIFFIN
ASSISTANT CITY SOLICITOR

BEVERLY J. SLEEPER
CHIEF PROCUREMENT OFFICER

ELLEN M. STAVROPOULOS
PARALEGAL

January 18, 2012

Arthur G. Vigeant, Mayor
City Hall
140 Main Street – 4th Floor
Marlborough, MA 01752

RE: Procurement Options for Purchase or Lease-Purchase of Containers for Automated Curbside Collection of Solid Waste & Recycling Services

Dear Mayor Vigeant:

As you are aware, the City of Marlborough ("City") will be transitioning over to an automated curbside solid waste and recycling program by July 1, 2012. As Chief Procurement Officer, I conducted a three (3) Request for Quotes process for the purchase or lease-purchase of the wheeled containers for both solid waste and recycling collection as outlined below.

The first process was conducted under State Contract FAC33. The City received one quote from E.L. Harvey & Sons, Inc. in the amount of \$1,575,000.00 with no option to lease-purchase the containers. The second process was conducted under State Contract FAC61DEP. The City received two quotes, one from Toter Inc. in the amount of \$902,685.00 with pricing for a 5-year lease in the amount of \$976,605.00 and a 7-year lease in the amount of \$1,011,045.00 and one from Cascade Engineering in the amount of \$896,385.00 with pricing for a 5-year lease in the amount of \$965,717.85 and a 7-year lease in the amount of \$1,006,097.75. The third process was conducted through an out-of-state cooperative purchasing program in which the City is a member. The City received a quote from Otto Environmental Systems, Inc. in the amount of \$895,965.00 with pricing for a 5-year lease in the amount of \$964,765.20 and a 7-year lease in the amount of \$1,001,244.72. In addition to offering the lowest price, Otto Environmental Systems, Inc. offers a 2% discount for early payment reducing the cost to purchase the containers to \$878,045.70. The City also has received a DEP grant to assist with purchasing or lease-purchasing the containers in the amount of \$100,000.00. If the City applies the grant to the purchase price from Otto Environment Systems, Inc., the outright purchase price would be \$778,045.70. The City has the option to apply the grant to a lease-purchase if the City wishes to pursue that option.

The quote proposals were reviewed by DPW Commissioner Ron LaFreniere. He made a spreadsheet dated 1/19/12 summarizing the terms and conditions of each quote, a copy of which is attached hereto. Whether the City is considering outright purchase or lease-purchase option, it appears Otto Environmental Systems, Inc. is offering the lowest price quote. The Commissioner recommends purchasing the containers outright if the City's free cash or undesignated stabilization funds would permit the outright purchase, thereby foregoing any additional costs incurred by the lease-purchase option. If the City decides to exercise the lease-purchase option, the lease payments would be made from the savings realized under the new agreement for collection services.

Although I believe the quote options pursued under state contract and the out-of-state cooperative purchasing program has resulted in competitive pricing, the City may exercise the option to issue an Invitation for Bid process, at its discretion. It is my understanding that the City's acceptance of the grant funding is time-sensitive. Additional information in this regard may be obtained from Commissioner LaFreniere.

If you require additional information, please let me know.

Sincerely,



Beverly J. Sleeper
Chief Procurement Officer

Attachment

Curbside Container Supply and Distribution Quotes

1/9/2012

		Purchase Cost		Lease/Purchase Cost
		Unit price	Extended price	
Cascade Engineering	10,500 95-gallon carts	\$46.30	\$486,150.00	5-year lease
	10,500 65-gallon carts	\$39.07	\$410,235.00	
Total:			\$896,385.00 *	\$965,717.85 **
				7-year lease
Total:				\$1,006,097.75 **

Note: Unloading, assembly and distribution is \$3.50 per cart = \$73,500

* The total purchase price listed in Cascade's quote (\$899,220) was incorrect based on the unit prices provided.

** The prices listed are those appearing in Cascade's quote and should be checked for accuracy based on interest rates provided.

Curbside Container Supply and Distribution Quotes

1/9/2012

		Purchase Cost		Lease/Purchase Cost		Other
	Unit price	Extended price	5-year lease	7-year lease		
E.L.Harvey & Sons, Inc.						
10,500 95-gallon carts	\$75.00	\$787,500.00	n/a	n/a		
10,500 65-gallon carts	\$75.00	\$787,500.00	n/a	n/a		
Total:		\$1,575,000.00				
Otto Environmental Systems, Inc.						
10,500 95-gallon carts	\$45.90	\$481,950.00	5-year lease			
10,500 65-gallon carts	\$39.43	\$414,015.00	\$8,649.31	per month		
			\$7,430.11	per month		2% discount
Total:		\$895,965.00			\$964,765.20	
2% discount:		-\$17,919.30				
Total:		\$878,045.70				
Note: No mention is made in quote regarding distribution costs.						
Toter Incorporated						
10,500 95-gallon carts	\$46.92	\$492,660.00	5-year lease			
10,500 65-gallon carts	\$39.05	\$410,025.00	\$50.76	per unit		
			\$42.25	per unit		
Total:		\$902,685.00			\$976,605.00	
Note: Unloading, assembly and distribution is \$3.00 per cart = \$63,000						
			7-year lease			
			\$52.55	per unit		
			\$43.74	per unit		
Total:					\$1,011,045.00	