

Purchasing—Bids, Proposals
and Specifications

S

YARD WASTE PROPOSAL FOR
THE CITY OF KNOXVILLE
SUBMITTED BY
BARRETT GRADING, INC.

Reviewed 03/05

J. Chlarson

R.W.

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SEP 5 2014

REVIEWED

R.C.

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QUALIFICATIONS AND EXPERIENCE

Barrett Grading, Inc. commenced business in 1987 and was incorporated in August of 1989.

Barrett Grading, Inc. is a duly authorized North Carolina Corporation incorporated in 1989.

Barrett Grading, Inc. is a Womens Business Enterprise (WBE) certified by the City of Charlotte and Mecklenburg County North Carolina and a member of the Carolinas Associated General Contractors of America (AGC).

Barrett Grading, Inc. has owned and operated a C & D landfill in South Carolina, just south of Charlotte, N.C., it was operated to its capacity and successfully closed in December of 1989. Nearing the end of the landfill life, we acquired a wood shredder to reduce the volume of the incoming wood debris in order to extend the life of the landfill. We later purchased a tub grinder to process the wood debris into a saleable by-product(mulch).

In September of 1989, hurricane Hugo hit Charlotte and Mecklenburg County, we were awarded the clean up contract in October 1989 and acquired an additional two wood shredders. This \$2.5 million dollar contract was successfully completed in January of 1991. Upon completion of this contract, Barrett Grading, Inc. pursued wood recycling contracts with other municipalities and counties.

Barrett Grading, Inc. developed a wood recycling program for Cumberland County North Carolina in which we were awarded a 3 year renewable contract in December of 1991. Barrett Grading, Inc. is able to dispose of the excess mulch that Cumberland County cannot utilize by hauling to plants and manufacturers that use the product for boiler fuel. Barrett Grading, Inc. has had multiple county jobs that required the shredding and processing of county wood and yard waste on the county's site.

Barrett Grading, Inc. has crews for county work and crews for contract clearing. All clearing jobs require the disposal of mulch. Barrett Grading, Inc. has hauled in excess of 100,000 tons per year for reuse of the material as boiler fuel, landscaping mulch, compost, or soil additives(conditioner).

In August of 1992 hurricane Andrew hit Florida. We were awarded several shredding and screening contracts exceeding \$ 3 million dollars working with the Army Corps of Engineers. Barrett Grading, Inc. worked on contracts for hurricane Andrew debris from October 1992 until August 1993.

Barrett Grading, Inc.

Financial Statements

December 31, 1992

Barrett Grading, Inc.
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BARRETT & RATLEDGE, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

Accountants' Report

To the Stockholders of
Barrett Grading, Inc.
Waxhaw, North Carolina

We have reviewed the accompanying balance sheet of Barrett Grading, Inc. (an S Corporation) as of December 31, 1992, and the related statements of income, retained earnings, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the owners of Barrett Grading, Inc.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. We do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.


Barrett & Ratledge, P.A.

Charlotte, North Carolina
August 17, 1993

Barrett Grading, Inc.
Balance Sheet
December 31, 1992

Assets

Current Assets:

Cash	\$ 4,762
Accounts receivable - trade	621,078
Prepaid expenses	377
Total Current Assets	<u>626,217</u>

Property and Equipment: (Notes 1,2,3 & 4)

Equipment	1,387,054
Vehicles	<u>171,675</u>
	1,558,729
Less: Accumulated depreciation	<u>794,273</u>
Total Property and Equipment, net	<u>764,456</u>

Other Assets:

Organizational cost, net of amortization	227
Deposits	<u>907</u>
Total Other Assets	<u>1,134</u>

Total Assets \$1,391,807

=====

Liabilities and Stockholders' Equity

Current Liabilities:

Accounts payable - trade	\$ 12,636
Notes payable - bank - current portion (Note 2)	14,491
Notes payable - dealers - current portion (Note 3)	171,170
Capital lease obligations - current portion (Note 4)	97,306
Payroll taxes withheld and payable	<u>81,514</u>
Total Current Liabilities	<u>377,117</u>

Long-Term Liabilities:

Notes payable - bank (Note 2)	4,087
Notes payable - dealers (Note 3)	98,372
Capital lease obligations (Note 4)	244,571
Note payable - stockholders (Note 5)	<u>312,392</u>
Total Long-Term Liabilities	<u>659,422</u>

Total Liabilities 1,036,539

1,036,539

Stockholders' Equity:

Common stock, \$1 par value, 100,000 shares authorized, 12,500 issued and outstanding	12,500
Additional paid-in capital	12,500
Retained earnings	<u>330,268</u>
Total Stockholders' Equity	<u>355,268</u>

Total Liabilities and Stockholders' Equity \$1,391,807

=====

Barrett Grading, Inc.
Statements of Income and Retained Earnings
For the Year Ended December 31, 1992

Statement of Income

Sales	\$1,809,084
Cost of Sales:	
Material cost	142,176
Equipment repairs and maintenance	157,508
Fuel cost	106,695
Equipment rentals	50,288
Subcontracting cost	41,082
Labor cost	421,228
Payroll taxes	40,978
Miscellaneous expenses	20,977
Total Cost of Sales	<u>980,932</u>
Gross profit	<u>828,152</u>
Selling, General and Administrative Expenses:	
Advertising	1,872
Salaries	10,500
Depreciation and amortization	306,950
Dues and subscriptions	1,745
Professional fees	4,778
Office expenses	5,930
Insurance	98,223
Telephone	15,587
Rent	11,610
Travel expenses	44,276
Vehicle taxes and licenses	9,104
Other taxes and licenses	17,584
Miscellaneous expenses	2,359
Penalties	12,502
Total Selling, General and Administrative Expenses	<u>543,020</u>
Net income from operations	<u>285,132</u>
Other <Income> Expenses:	
Interest Income	<3,876>
Gain on equipment disposal	<51,492>
Miscellaneous income	<1,047>
Interest expense	105,416
Total Other <Income> Expenses	<u>49,001</u>
Net income	\$ 236,131 =====

Statement of Retained Earnings

Accumulated adjustment account, beginning of year	\$ 94,137
Net income	<u>236,131</u>
Accumulated adjustment account, end of year	\$ 330,268 =====

See Accountants' Review Report and notes to financial statements.

Barrett Grading, Inc.
Statement of Cash Flows
For the Year Ended December 31, 1992

Cash flows from operating activities	
Net income	\$ 236,131
Adjustment to reconcile net income to net cash from operating activities:	
Depreciation and amortization	306,950
Increase in accounts receivable	<379,732>
Decrease in prepaid expenses	7,097
Decrease in deposits and bid bonds	22,448
Decrease in accounts payable	<922>
Increase in accrued liabilities	61,894
Gain on sale of equipment	<51,492>
Total adjustments	<33,757>
Net cash provided by operating activities	<u>202,374</u>
Cash flows from investing activities:	
Purchase of fixed assets	<500,335>
Proceeds from disposition of fixed assets	<u>216,631</u>
Net cash used in investing activities	<u><283,704></u>
Cash flows from financing activities:	
Proceeds from notes payable - stockholders	66,259
Proceeds from notes payable and capital leases	419,810
Principal repayment on debt	<521,920>
Net cash used by financing activities	<u><35,851></u>
Net decrease in cash and cash equivalent	<117,181>
Cash at beginning of year	<u>121,943</u>
Cash at end of year	\$ 4,762 =====
Supplemental Disclosure of Cash Flow Information:	
Cash paid during the year for interest expense	\$ 105,416 =====

Barrett Grading, Inc.
Notes to Financial Statements

1. Summary of Significant Accounting Policies

Operations

The Company is a North Carolina corporation primarily engaged in commercial grading and recycling of wood debris in North Carolina, South Carolina and Florida.

Property and Equipment

Property and equipment are stated at cost. Property and equipment is depreciated on the straight-line basis according to the following class lives which approximate the assets' useful lives:

Equipment	7 years
Vehicles	5 years

Income Taxes

The Company has elected by unanimous consent of its stockholders to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under those provisions, the Company does not pay any federal or state corporate income taxes on its income. Instead, the stockholders report the income or loss of the Company on their individual income tax returns.

2. Notes Payable - Bank

At December 31, 1992, the Company had the following notes payable outstanding to a bank:

Note payable to a bank with monthly principal and interest payments of \$940 through December, 1993. The note bears interest at 12.5% per annum. The note is secured by equipment. \$ 10,500

Note payable to a bank with monthly principal and interest payments of \$393 through November, 1994. The note bears interest at 11.5% per annum. The note is secured by a vehicle. 8,078

Total Notes Payable	18,578
Less Current Maturities	<u>14,491</u>
Total Long-Term Maturities	\$ <u>4,087</u>
	=====

Barrett Grading, Inc.
Notes to Financial Statements

3. Notes Payable - Dealers

At December 31, 1992 the Company had eighteen (18) notes payable to equipment dealers for the purchase of equipment. All notes are paid on monthly installments of principal and interest ranging from \$142 to \$4,737 through February, 1994. Interest varies from 9% to 18% and the notes are secured by the equipment. The following is a summary of the notes payable:

Total Notes Payable	\$269,542
Less Current Maturities	<u>171,170</u>
Total Long-Term Maturities	\$ 98,372 =====

4. Capital Lease Obligations

At December 31, 1992 the Company had nine (9) capital lease obligations outstanding. The obligations are payable in monthly installments that vary from \$363 to \$4,632 through September, 1997. Title on the equipment passes to the Company upon final payment. The following is a summary of the capital lease obligations:

Total Capital Lease Obligations	\$341,877
Less Current Maturities	<u>97,306</u>
Total Long-Term Maturities	\$244,571 =====

5. Note Payable - Stockholders

At December 31, 1992, the Company had a note payable to its Stockholders totalling \$312,392. Payments on the note are scheduled to commence in March 1994. The amount of payments will depend on the Company's working capital at that time. The note bears interest at 8% per annum and is unsecured.

METHODOLOGIES/PROCEDURES

Our past experience has shown us that no two jobs are ever the same. Each job has a different material to be processed, a different volume of material, marketability of by-products, site location, and customer requirements as to the disposal of mulch. Therefore, procedures and practices will vary from one disposal facility to another but in a manned full time operational site procedures are standardized.

At any full time operational site the site manager is a working manager. Our definition of a working manager is a person that works in the processing operation (a field general). He oversees the daily maintenance of all equipment. He manages all support personnel (2-3 operators) and receiving house personnel. He oversees the daily mulch and compost sales and shipping operations. The site manager has full support from the Home Office in locating hard to get supplies and obtaining substitute and temporary work personnel. Office policies are handled from the Home Office so that the site manager and personnel can concentrate the receiving of waste, grinding, and shipping of mulch and composted products.

When yard waste, clearing debris, pallets and wood waste are received on site the material is then segregated, shredded, screened, and/or composted to produce a variety of quality end products.

A large portion of the mulch is disposed of on a regular basis as boiler fuel that is used by cogeneration plants that is transported by our trucks or through a broker. A strong retail and wholesale on site program is established to help facilitate the disposal of the finished by-products. The site will be made easy for the public to use, thereby stimulating sales of the products and promoting and increased awareness of the benefits of recycling.

CLIENT REFERENCES

- 1- MECKLENBURG COUNTY - Hurricane Hugo Debris Cleanup
Mr. Cary Saul
Mecklenburg County Engineering Department
700 North Tryon Street
Charlotte, North Carolina 28202
(704) 336-2713
- 2- CUMBERLAND COUNTY - Yard and Wood Waste Contract
Mr. Larry Carter
Solid Waste Management
P. O. Drawer 1829
Fayetteville, North Carolina 28302-1829
(919) 483-8131
- 3- WEST CONTRACTING, INC. - Interstate 485 Wood Clearing,
Charlotte, NC
Mr. Maurice E. West, Sr. or
Mr. Maurice E. West, Jr.
P. O. Box 310
Marble, North Carolina 28905
(704) 837-2280
- 4- D & J ENTERPRISES, INC. - Hurricane Andrew Debris Cleanup-Fla.
Mr. Jimmy Starr in conjunction with the U.S. ARMY
Mr. Dick Starr CORPS OF ENGINEERS
Rt. 5, Box 61
Auburn, Alabama 36830
(205) 821-1249
- 5- POLK COUNTY - Wood and Yard Waste Contract
Mr. Neal Hall
P.O. Box 208
Columbus, North Carolina 28722
(704) 894-3737

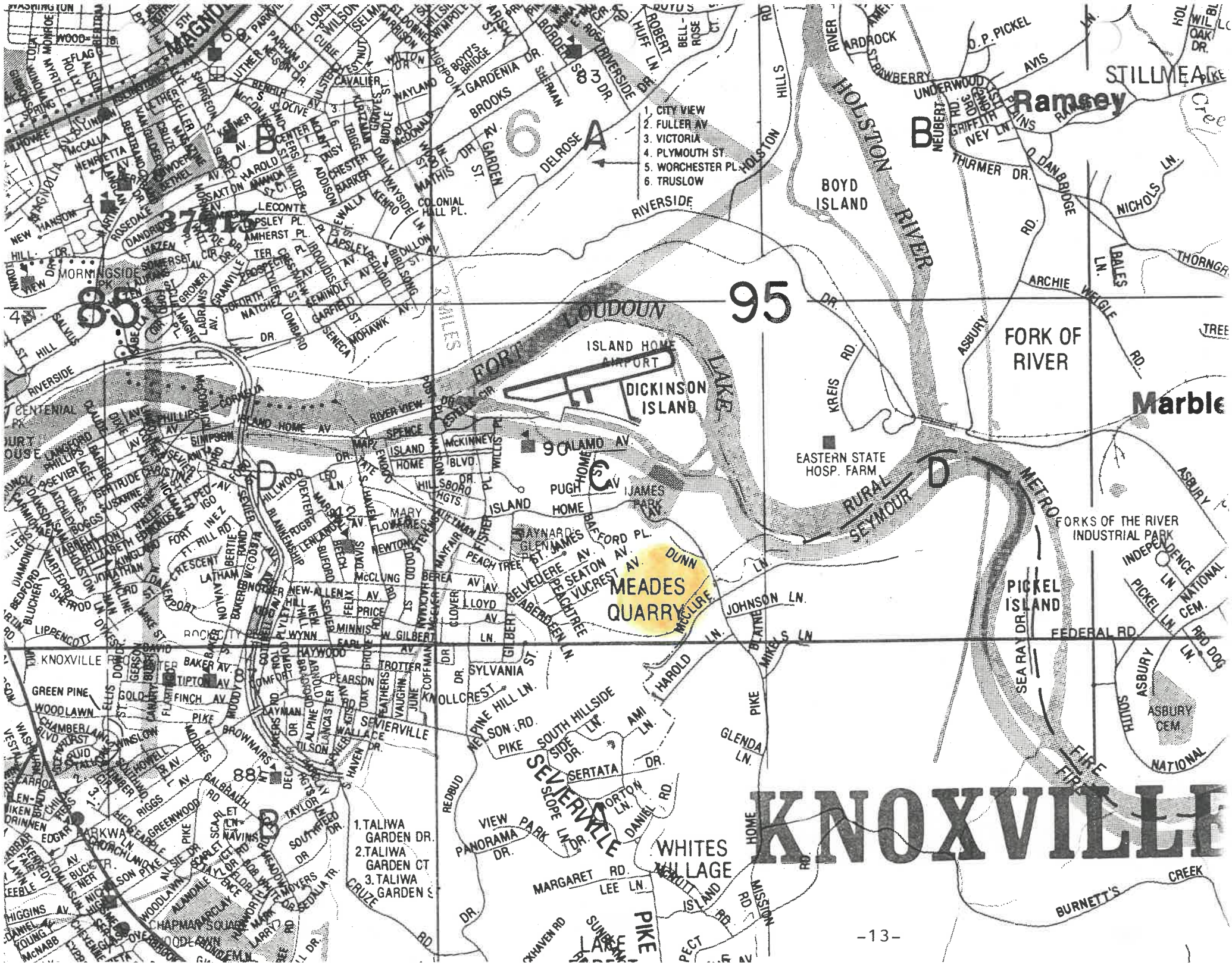
SCOPE OF SERVICES

SCOPE OF SERVICES

1. Barrett Grading, Inc. will process/shred into mulch all yard waste delivered to the contractors site by the city of Knoxville. One hundred percent of yard waste will be recycled and reused into several different forms such as boiler fuel, landscaping mulch, compost, and soil additives. Barrett Grading, Inc. yard waste operations are operated in an environmentally safe manner with absolutely no negative impact on the environment, in fact, BGI operations have a positive impact on the environment, for example, by using a certain portion of the mulch as boiler fuel we are conserving natural resources (forests, natural gas, coal) and by the use of soil amendments which are totally organic with no harmful run-off from chemicals. Barrett Grading, Inc. will accept all wood waste to maximize the city of Knoxville's waste stream that is currently being landfilled.
2. Barrett Grading, Inc. is offering the city a choice of (2) sites since there was no input as to where the city would like to have the site located. Each site has its advantages and possible disadvantages. The two site locations are Meades Quarry and Hwy 131 site location. Should the city not find either of these sites suitable Barrett Grading, Inc. has other sites available.

MEADES QUARRY PROPOSED SITE

The 33 acre Meades Quarry site is located on Island Home Avenue approximately 3 miles from downtown Knoxville in the southern part of the city. This site is located in a lightly populated industrial area. This site offers a perfect working surface, on site rail and low visibility from Island Home Avenue. The work site is surrounded by trees on 3 sides and a hill to the north offering protection from winds, therefore, reducing wind blown dust to a minimum on this site. This site has a solid base to operate heavy equipment, shredders, and large trucks, etc. easily and efficiently under any weather conditions. The Meades Quarry site, in need of an occupant, is very suitable as a yard waste and composting center for recycling of any type of wood waste. (See map pages 12 & 13)



1. CITY VIEW
2. FULLER AV
3. VICTORIA
4. PLYMOUTH ST
5. WORCHESTER PL
6. TRUSLOW

95

KNOXVILLE

HIGHWAY 131 PROPOSED SITE

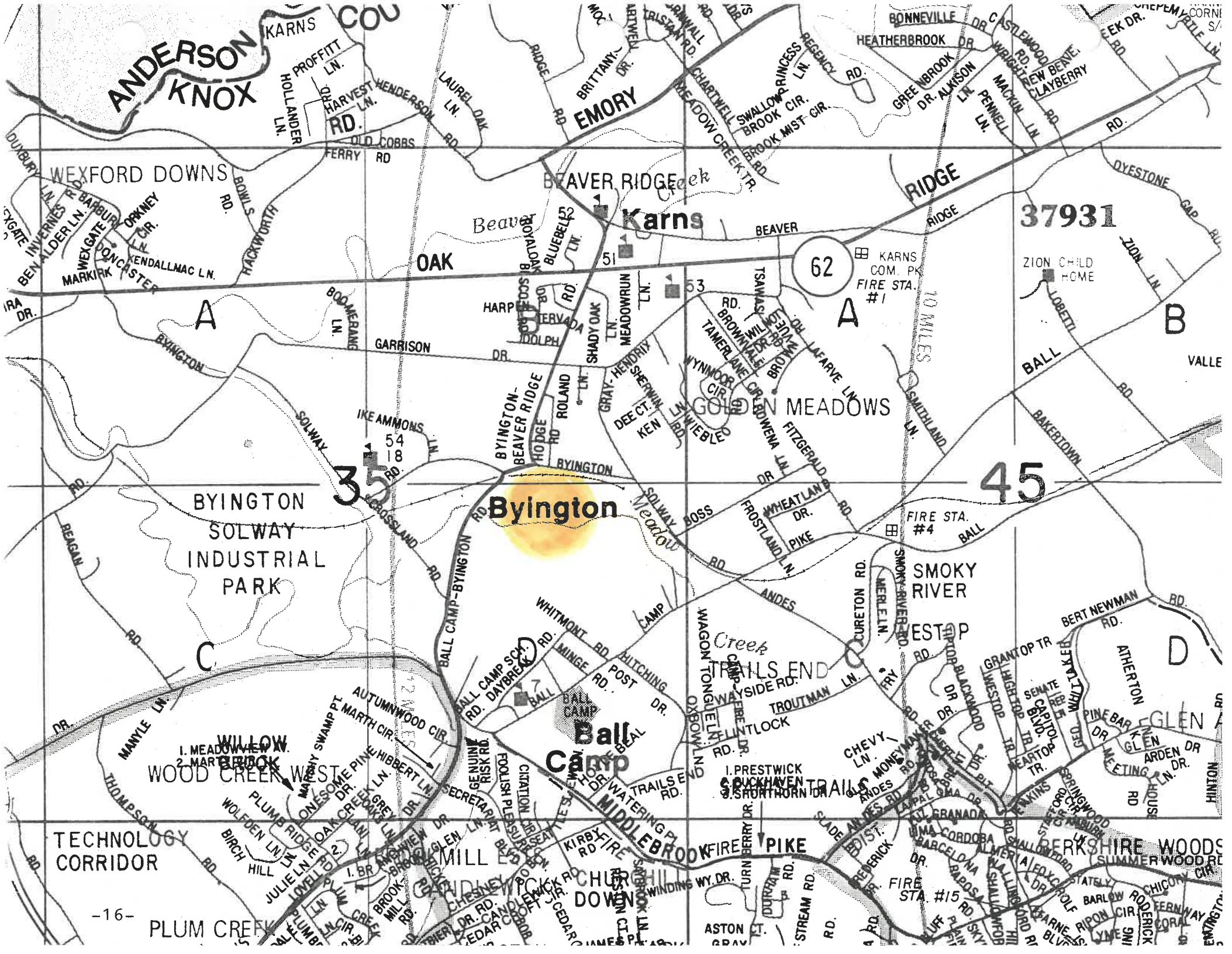
The Hwy 131 site is a total of 70 acres with 40 acres zoned as industrial. The site is a wooded site that is about 200 ft off Hwy 131. This site is completely unseen from the road. Work space would be cut out of the forest and the remaining surrounding trees will provide protection from winds and act as a dust protector and noise reducer. This site will have excellent retail mulch or compost sales because it is located between a large industrial park and residential area. This site is about 8 miles from the center of town, it is accessible from the north by Hwy 62, from the south and east by Middlebrook Parkway (Hwy 169) that is under four lane construction. This western Knox County location sits in the path of the growing city of Knoxville. The Hwy 131 site is in a location that it could be serving as a regional yard waste facility for the county and growing communities west of Knoxville as well as the city of Knoxville. (See map pages 15 & 16)

3. Diagram of proposed site layout. (See page 17)
4. Yard waste will be delivered to contractor's site. Barrett Grading, Inc. will accept any size material from the city from yard waste to stumps. Upon entering the site all trucks will be weighed in. Scaled loads will be inspected to insure that acceptable material in being delivered. Trucks will then dump loads in the collection area. Upon exiting the site the trucks shall be weighed to determine the tare weight of the load. Drivers will sign a computerized weight ticket. The city will be invoiced monthly from the computer print-outs. The city may at anytime request and examine all bookkeeping methods and records, as well as, verify the accuracy of scale and weighing procedures.

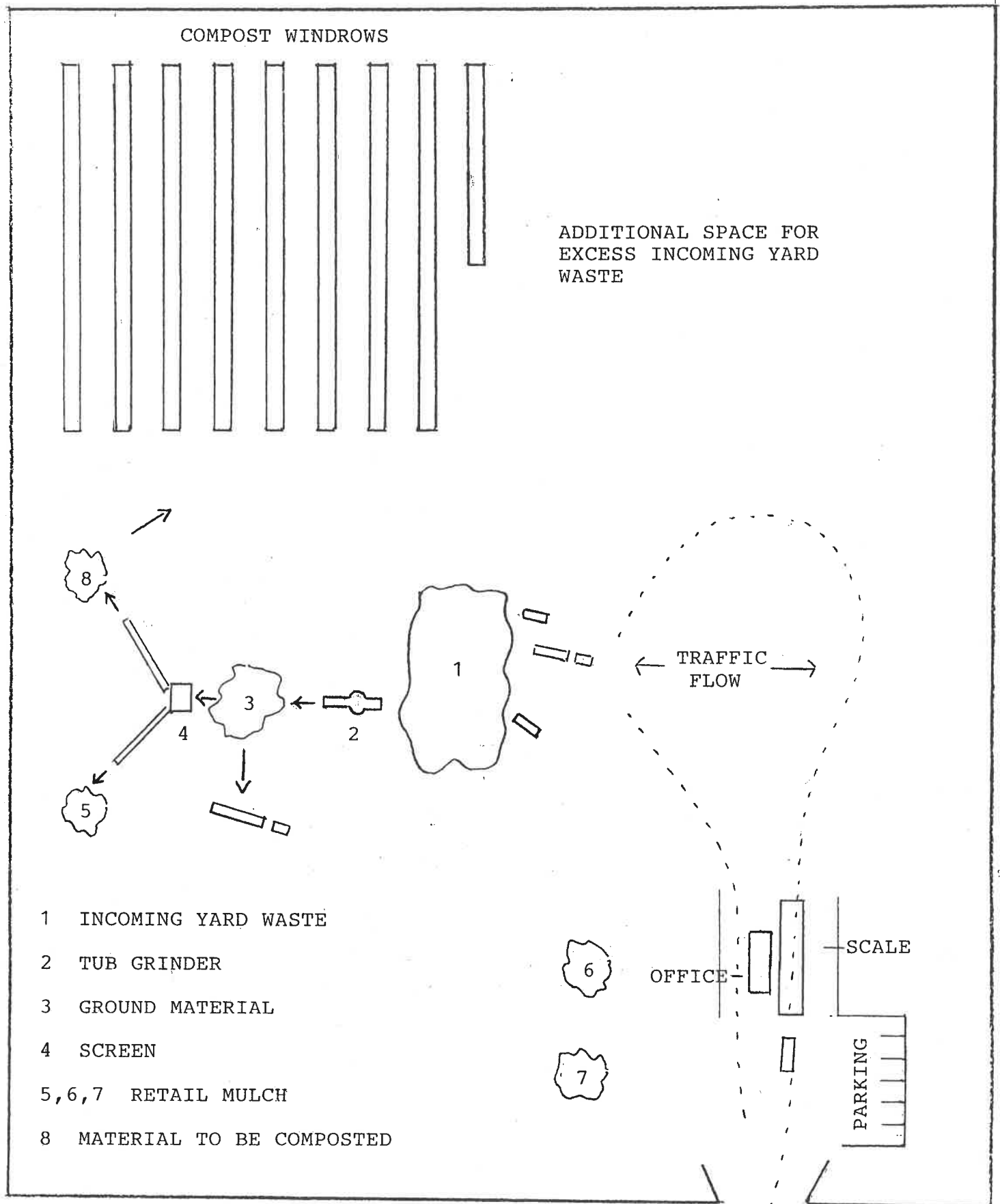
Once the yard waste is deposited in the collection area, the material will then be ground into mulch by using a Morbark 1200 tub grinder or equivalent. This yard waste collection area will be approx 4 acres with additional space available should there ever be an unanticipated increase in incoming material due to a natural disaster or other reasons.

Once the yard waste has been processed into mulch a certain amount of the mulch, depending on the demand will then be loaded into trailers and hauled off directly to the customers to be used as boiler fuel. The remaining mulch will then be screened. A portion of the screened material will be stock-piled for resale as landscaping mulch, retail sales, and for the city's use. The remaining mulch will then be windrowed for composting.





PROPOSED SITE PLAN



Barrett Grading, Inc. will establish an on site retail sales program for the mulch and compost which will help to increase the public awareness of the benefits of recycling. Barrett Grading, Inc. also has contracts for the bulk sales of boiler fuel and compost. All of the by-products generated from the processing of yard waste will be 100% reused in an environmentally beneficial manner. Barrett Grading, Inc. currently produces and sells in excess of 100,000 tons of material per year. Barrett Grading, Inc. owns and operates all of the equipment necessary to operate this facility in a professional manner. Barrett Grading, Inc. uses no subcontractors. Once the facility is operational Barrett Grading, Inc. will hire and train local employees from the Knoxville area.

5. The residual effects that may adversely impact the public will be minimal due to the choice of sites.
 - a. Surface water runoff will be controlled through grading, erosion control and silt ponds. A limited amount of material will be stockpiled.
 - b. Odors will be kept to a minimum by the routine turning of the windrows as anticipated volumes of leaves and grass are relatively low. Any odor if any will not be noticeable off site. The geographical location of both sites should eliminate any possible complaints.
 - c. Dust generated by the shredding operation will dissipate in the immediate area. The shredding operations at both sites are located centrally within the sites, however should high winds create a problem with dust particles leaving the site, it will be controlled by water spray heads located around the shredders.

The impact on surrounding areas caused by the increase in traffic can best be weighed by the city. Barrett Grading, Inc. has selected (2) possible sites with good access roads in an industrial area with heavy commercial traffic. Entrances and exits to the site will be constructed in such a manner as not to interfere with existing traffic flow.

6. The method to allow private vendors to use the facility would be the same as outlined above for the city. Separate scale tickets and invoices will be issued to the private vendors. The city would not incur any cost from this. All revenues generated from private vendors would belong to the contractor.

7. Barrett Grading, Inc. feels that a yard waste processing permit and composting permit could be obtained by the State of Tennessee. Barrett Grading, Inc. has a purchase option on site #1 (Meades Quarry) after running the first year of operation and depending on relationship with the city, Barrett Grading, Inc. may choose to exercise the purchase option.

All proposed sites for the yard waste facility appear to be within the guidelines established by the Tennessee Department of Environment and Conservation to be permitted as a processing and composting facility. Some of the attributes that give these sites a high permitability factor are :

- (a) Relatively level site for good natural and artificial water runoff.
 - (b) Natural barriers for air pollution control
 - (c) Access to nearby water for fire control
8. Barrett Grading, Inc. will provide the city free of charge an unlimited amount of the finished product.
 9. Operational policies and procedures are basically outlined in the site disposal activities. (See item #4). The contractor will at all times inspect incoming loads to insure that they are processable. Loads that are deemed unprocessable will be rejected regardless if city trucks or private vendor trucks. After material is deposited in the collection area a second visual inspection will be performed to ensure that no material will be ground that could contaminate the mulch. Private vendors bringing in such material will be required to dispose of material at a properly permitted facility at their own expense. Material that cannot be processed that is brought by the city shall be stockpiled and periodically removed by the city at no expense to the contractor. Any city vehicle requiring mulch or compost will be loaded by the contractor at no expense to the city. All trucks will be weighed as to provide complete records. Private vendors requiring mulch or compost will be loaded by the contractor and charged accordingly at no expense to the city. The contractor will be routinely hauling boiler fuel from site to the customer and these trucks will be weighed to provide city and contractor records.

Barrett Grading, Inc. will at all times have an experienced superintendent and personnel on site. Barrett Grading, Inc. has established safety plans for employees and customers and on site fire fighting capabilities.

Billing and accounting procedures to be mutually agreed upon.

10. The equipment that Barrett Grading, Inc. intends to use in this facility can conservatively process twice the city's anticipated volume. Should the incoming volume increase due to additional material from the city or private vendors then Barrett Grading, Inc. will add whatever equipment is necessary. Barrett Grading, Inc. currently owns and operates 7 shredders and is able to mobilize whatever additional equipment would be needed in case of increase volume or an unanticipated mechanical breakdown. We were able to mobilize all of our equipment within 48 hours to Miami, Florida after hurricane Andrew struck.

Barrett Grading, Inc. looks forward to a favorable review of our proposal. Any questions that you might have should be addressed to:

Chris Barrett
2811 Waxhaw-Marvin Road
Waxhaw, North Carolina 28173
(704) 588-5891: Office
(704) 588-3824: Fax

UNIT COST FOR BRUSH

\$ 1.50 PER CUBIC YARD

\$ 18.50 PER TON

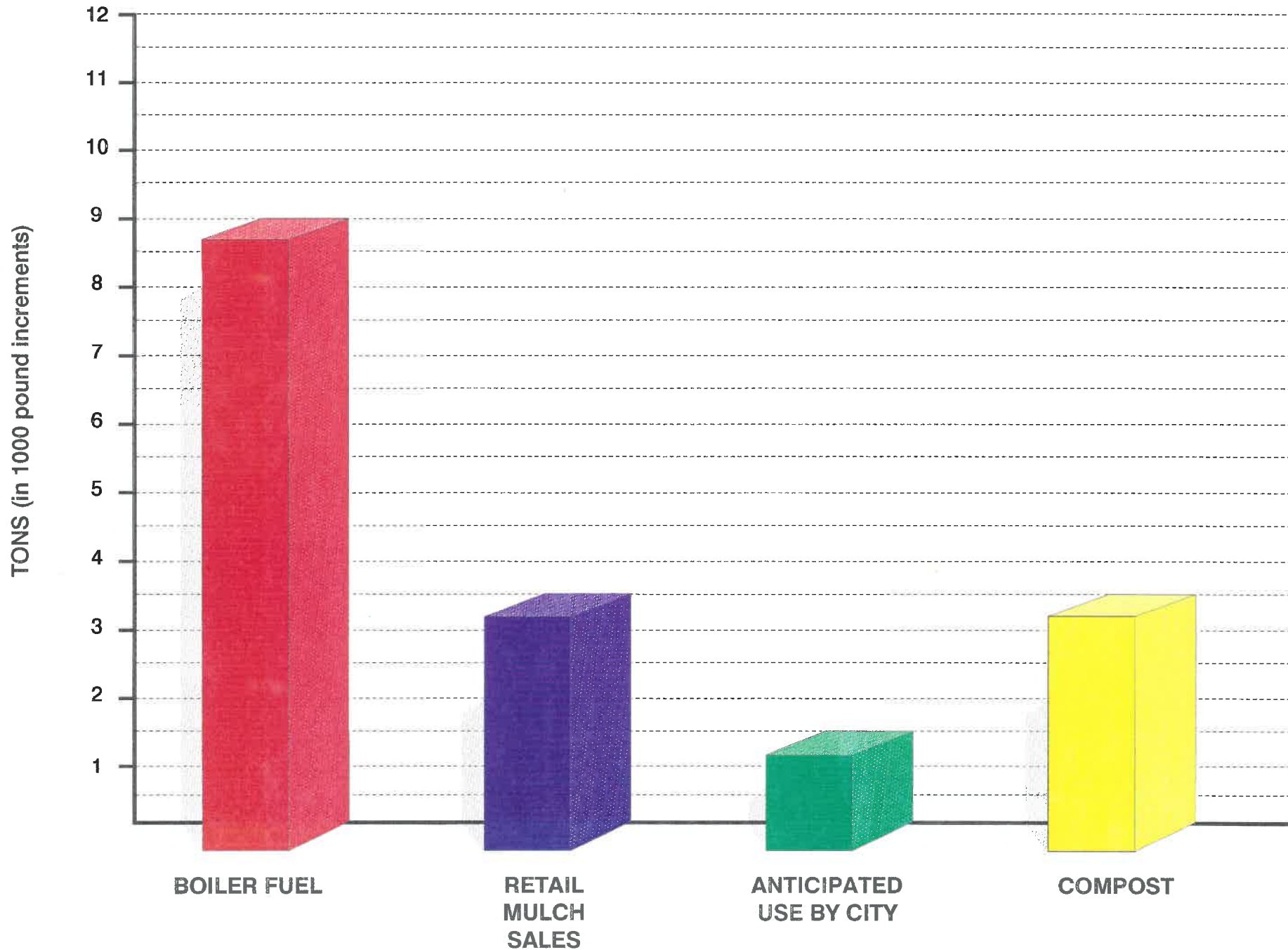
UNIT COST FOR LEAVES/GRASS

\$ 1.50 PER CUBIC YARD

\$ 18.50 PER TON

The above terms and prices in this proposal are negotiable.

PROJECTED ANNUAL SALES OF BY-PRODUCTS



15 min

1:30 Barnett
3:00 Avisco

YARD WASTE COMPOSTING - BID INTERVIEW

bulk will
be bailed
fuel

4 A. OPERATIONS / MANAGEMENT PLAN

1. How will you segregate the incoming truck traffic and retail sales?

2 scale house
receiving pattern
prefer to compost little → goal to take pallets (now 1000000 py)
2. What do you plan to do with product? How will you market?

3. What is your contingency plan if material overruns your site?

4. What will you do if equipment breaks down?

have other equipment
storage

5. What is your contingency plan if your site has a problem?

few other
sites - other
pieces of
have options

6. What type of site improvements will you make?

rail at Meads Quarry

7. Do you plan to handle other types of waste? How will you do this?

8. What will you charge private individuals and vendors?

same
flexible

9. What will your hours be?

flexible

woody
debris

10. Why do you want a long term contract?

working area 3-4 acres

flexible

sell to
Bowater in
NC

asphalt
plant
out
there

2 B. PERSONNEL

1. Who will be your operating staff and how will you operate?

Himmsey would start field ~~work~~ off. Mitch Massey (28 yrs old)

2. Who will be the day to day manager?

3. What plans do you have to use consulting services? How will you maintain the relationship?

would use local co.

3 C. HEALTH AND SAFETY

1. How will you guarantee that the mulch leaving the site will be clear of E. coli and fecal coliform?

180° kills bacteria

if boiler fuel isn't cane

2. How are you going to control odor, noise, and dust?

3. What is your health and safety plan - both employees and customers?

use corps of engineers

4. Do you have potable water on your site?

5. Do you plan to have regular testing of the product?

6. What will you do if you have a bad batch?

play by ear

*Paper work home
office Charlotte*

*Himmsey
bulk
sales*

Jack Daniels pallette program

Air Pollution

Gerald Stewart

3 pages of mktg
P-by-R (processing)

① D. PUBLIC PARTICIPATION AND PERMITTING

1. How will you permit the facility?

talked w/ state

2. What happens if your site isn't approved? Do you have a back-up?

Meats Quarry
good

3. Are you aware of the State's proposed compost regulations? How will you respond?

are aware - don't have

4. How are you going to deal with the community? How will you handle the public participation process?

deal w/ neighbors
on 1-to-1

used video in NC & SC

12/93

old exp. in SC

Dick Barnett

Mike Hennessy

windrow or cone

4 trailers / hr on some sites
outside

60% \pm boiler fuel

(makes least amt) \$15/ton w/ 15mi haul
top soil \rightarrow no additives \rightarrow not really
compost