

BEFORE THE METRO CONTRACT REVIEW BOARD

FOR THE PURPOSE OF AUTHORIZING AN EXEMPTION)  
FROM COMPETITIVE BIDDING REQUIREMENTS )  
AND AUTHORIZING ISSUANCE OF RFP #00R-1-REM )  
FOR THE REPLACEMENT OF TWO COMPACTION )  
SYSTEMS AT METRO CENTRAL STATION )

RESOLUTION NO. 00-2891

Introduced by Mike Burton,  
Executive Officer

WHEREAS, Metro needs to replace two compaction systems at its Metro Central Station utilizing the request for proposals attached as Exhibit A; and

WHEREAS, ORS 279.015 requires that public contracts shall be based upon competitive bids except when exempted upon approval of certain findings; and

WHEREAS, Metro Code Section 2.04.054 provides that all Metro public contracts shall be based upon competitive bid with the exception that specific contracts may be exempted by resolution of the Metro Contract Review Board, subject to the requirements of ORS 279.015, including certain findings; and

WHEREAS, the RFP is designed to select the most cost-effective compaction systems for the project as described in the accompanying staff report; and

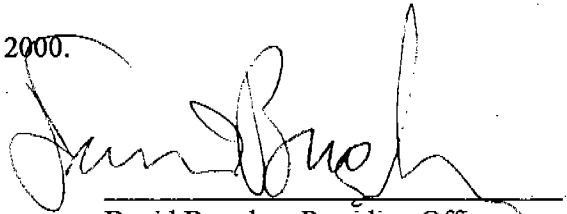
WHEREAS, for the justifications set forth in the attached Exhibit B, the Metro Contract Review Board finds that exempting the award of a contract resulting from the RFP for replacement of two compaction systems at the Metro Central Station from the competitive bidding requirements of ORS 279.015 and Metro Code Section 2.04.052 is unlikely to encourage favoritism in the award of such contract or substantially diminish competition for such contract, and result in substantial cost savings to Metro; now, therefore,

BE IT RESOLVED:

1. That the Metro Contract Review Board adopts as its findings the justifications, information and reasoning set forth in Exhibit B and incorporated by reference into this Resolution as if set forth in full; and

2. That based upon such findings, the Metro Contract Review Board exempts from competitive bidding requirements the contract to be solicited through the attached Request for Proposals; and
3. That the Metro Council authorizes issuance of RFP #00R-1-REM, attached as Exhibit A.
4. That the Metro Council, pursuant to Section 2.04.026(b) of the Metro Code, authorizes the Executive Officer to execute a contract with the most qualified proposer.


ADOPTED by the Metro Council this 2 day of 2000.



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David Bragdon, Presiding Officer

**APPROVED AS TO FORM:**



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Daniel B. Cooper, General Counsel

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## REGIONAL ENVIRONMENTAL MANAGEMENT COMMITTEE REPORT

### CONSIDERATION OF RESOLUTION NO. 00-2891, FOR THE PURPOSE OF AUTHORIZING AN EXEMPTION FROM COMPETITIVE BIDDING REQUIREMENTS AND AUTHORIZING ISSUANCE OF RFP #00R-1-REM FOR REPLACEMENT OF TWO COMPACTION SYSTEMS AT METRO CENTRAL STATION

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Date: February 29, 2000

Presented by: Councilor Park

**Committee Recommendation:** At its February 9 meeting, the committee considered Resolution No. 00-2891 and voted unanimously to send the resolution to the Council with a do pass recommendation. Voting in favor: Councilors Park and McLain and Chair Washington.

**Existing Law:** The adopted Capital Improvement Plan includes the purchase of two new compactors at the Metro Central Transfer Station. The adopted budget includes funding for the purchase of one compactor during the current fiscal year (\$903,800) and the proposed budget for FY 00-01 includes \$926,400 for the purchase of the second compactor.

In 1999, staff issued a Request for Bids (RFB) for the purchase of the first compactor. Two bids were received and a successful bidder was selected. However, the unsuccessful bidder appealed the decision to the Council. The Council upheld the appeal and directed staff to initiate a new procurement process.

Metro Code Section requires that all contracts be based on competitive bids, unless exempted by the Contract Review Board (the Council) based on findings that the use of an alternative method would not limit the competitive nature of the contracting process. The Code further provides that the release of a Request for Proposals (RFP) for a contract that has been designated as having a significant impact. The contract for the compactor procurement was designated in the adopted as having a significant impact.

Approval of this resolution will result in the release of a Request for Proposals to solicit for both compactors in a single procurement.

**Committee Issues/Discussion:** Terry Petersen, Regional Environmental Management Director, presented the staff report. He noted that the staff chose to use an RFP procurement process to provide greater flexibility to consider factors other than price in reviewing the proposals received. This will permit the evaluation committee to examine issues such as performance and lifespan of the equipment and will allow bidders to customize their equipment to meet Metro's specific needs. Petersen explained that the staff is using a single procurement for both compactors because it believes that it may result in a lower per unit price.

Councilor Park asked about the nature of the procurement process. Petersen explained that the proposed resolution would authorize release of the procurement documents. Proposals would then be received and reviewed by an evaluation committee. The committee would recommend a successful proposer to the Executive Officer. Following successful completion of negotiations between Metro and the proposed contractor a contract would signed. The awarding of the contract could be appealed to the Council.

Councilor McLain asked if staff anticipated that the same two bidders would participate in the new procurement. Petersen indicated that they would, and that a new potential third bidder also had expressed interest. Councilor McLain asked about the makeup of the evaluation committee. Petersen responded that the committee members have not yet been named, but that the committee would likely include department staff and possibly a representative of the Metro Central operator (Allied/BFI).

Councilor McLain reviewed the proposed evaluation criteria. She noted that about 70% of the points would be awarded for factors other than price. She indicated support for this weighting of the criteria because performance of the equipment and the experience of the contractor were as important as the price to be paid.

**EXECUTIVE SUMMARY**  
**RESOLUTION 00-2891**  
**COMPACTOR REPLACEMENTS AT METRO CENTRAL STATION**

**PROPOSED ACTION**

- Adopt Resolution No. 00-2891, which exempts the procurement from the competitive bid process, authorizes release of RFP #00R-1-REM and authorizes the Executive Officer to execute a contract for the replacement of two compactors at the Metro Central Station.

**WHY NECESSARY**

- Two compactors installed at Metro Central Station in 1991 need to be replaced as scheduled in the agency's 1999-00 and 2000-01 budgets and the Capital Improvement Plan as well as in REM's Renewal and Replacement Study, because they have reached the end of their useful life.
- The frame on the unit scheduled for replacement in the current fiscal year (Unit #1) has broken and is being rewelded on a regular basis. Catastrophic failure of the unit is increasingly probable.
- Maintenance costs for both units are rising, while payloads are below those newer units on the market can produce. Higher payloads mean fewer trips through the Columbia Gorge National Scenic Area (about 3% annually once both stations are retrofitted with the newer units) and lower transport costs.
- Replacement of the units should increase station efficiency as waste can be loaded for transport faster. Together with lower maintenance costs and increased payloads, replacement should be cost-effective for Metro over the life of the units.

**ISSUES/CONCERNS**

- Use of a proposal process requires an exemption from the competitive bid process. As part of the exemption process, the Contract Review Board must adopt findings showing that such an exemption is: unlikely to encourage favoritism or substantially diminish competition for public contracts; and would result in substantial cost savings. Such findings are attached to the resolution being adopted.
- These findings show that the use of a proposal process allows Metro to maximize potential savings by balancing the cost of the systems with increased payloads, producing transport cost savings as well as lower maintenance costs; and that the all firms manufacturing the unit are likely to submit a proposal.
- A previous procurement using a bid process to purchase a single unit (the one with a broken frame) was cancelled in September when the Metro Council accepted an appeal of award. Staff is recommending an RFP process for these two units as more appropriate. This process has been successfully used in all previous compactor procurements.
- A two-unit purchase should result in lower per unit costs than that of a single unit. Given the length of time needed to manufacture the units, the contract should cross fiscal years when adequate funds will be available.

**BUDGET/FINANCIAL IMPACTS**

- This project is included in the CIP and is budgeted in FY1999-00 at \$903,000, and for \$926,400 in the proposed 2000-01 budget.
- Annual savings accruing directly to Metro for increasing average load weight by one ton per load (29.2 tons per load to 30.2 tons per load) is estimated to be about \$100,000 per year.

## STAFF REPORT

### IN CONSIDERATION OF RESOLUTION NO. 00-2891 FOR THE PURPOSE OF AUTHORIZING AN EXEMPTION FROM COMPETITIVE BIDDING REQUIREMENTS AND AUTHORIZING ISSUANCE OF RFP #00R-1-REM FOR THE REPLACEMENT OF TWO COMPACTION SYSTEMS AT METRO CENTRAL STATION

Date: January 31, 2000

Presented by: Terry Petersen

## PROPOSED ACTION

Adopt Resolution No. 00-2891, which exempts the procurement from the competitive bid process, authorizes release of RFP #00R-1-REM and authorizes the Executive Officer to execute a contract for the replacement of two compactors at the Metro Central Transfer Station.

## EXISTING LAW

Metro Code provides that all Metro public contracts shall be based upon competitive bid unless exempted by the Metro Contract Review Board, subject to the requirements of Oregon law. Per Metro Code, Council must approve the issuance of a RFP and the execution of a contract that has a significant impact on Metro.

## FACTUAL BACKGROUND AND ANALYSIS

Metro Central Station (MCS) is a solid waste transfer station that receives waste from both commercial haulers and the general public. The station operator compacts the waste into loads for transport 150 miles one-way to the Columbia Ridge Regional Landfill, located in Gilliam County, Oregon. The waste is compacted to minimize the number of trips to the landfill. In 1999, MCS will receive approximately 390,000 tons of waste for disposal, resulting in the transport of over 12,000 loads.

Waste received at the facility is unloaded in one of three bays running the length of the station, depending on the type of waste being delivered. Bay #1 receives primarily commercial compacted waste, upon which some material recovery occurs. Bay #2 receives loose waste from drop boxes that is manually sorted to generate most of the station's recovery. Bay #3 receives residential waste from packer trucks from which no significant amount of materials is recovered (unrecovered material from Bay #2 is also handled in Bay #3).

After unloading and materials recovery, waste is pushed to a conveyor that loads a compactor. A compactor operator builds a load of waste in the compactor to desired specifications. The load of waste is then extruded into a trailer for transport to the landfill.

### *The Existing Compactors*

There are three compactors at MCS. This project is for replacement of the compactors in Bay #1 and Bay #3. The unit in Bay #1 is a SSI two-bale compactor that has been the workhorse of the facility. It has been identified in *1999-2000 Budget* for replacement. The compactor for Bay #3

is an AMFAB single bale that is scheduled for replacement in the *Proposed FY2000-01 Budget*. Both are listed in the Department's *Renewal and Replacement Study* and agency's *Capital Improvement Plan*. The compactor for Bay #2 is not used on a regular basis, and has not been scheduled for replacement. All three compactors were installed in 1991.

Since being identified for replacement, the Bay #1 compactor has sustained damage to its support structure. Due to this damage, staff initiated replacement prior to the start of FY1999-00. The approach used during this procurement was a request for bids (RFB). The RFB resulted in two bids from the only firms manufacturing such equipment. Award of a contract to the low bidder by the Executive Officer was appealed to the Metro Council in its capacity as the Contract Review Board. The appeal was accepted and the procurement cancelled in the Fall of 1999. Since that time staff has been reevaluating its approach to this procurement.

#### *Proposed Approach*

Staff has determined that it is prudent to replace both compactors during this next procurement for two reasons. Given the long lead time for the manufacture of units (4 to 6 months), if the #3 replacement is ordered now together with #1, installation and payment will not be complete until FY2000-01 where funds are budgeted (in fact it will be difficult get the #1 replaced this fiscal year). Secondly, staff has found that the per-unit cost is less when two are purchased at one time. This was evidenced during the unsuccessful bid process for replacement of the Bay #1 compactor. The price submitted by the unsuccessful bidder (and successful appellant) was \$9,000 higher than its per unit cost for replacing two compactors at Metro South Station which was a much more difficult installation.

A proposal process is recommended in place of a bid process. This recommendation is based partly on what was learned during the unsuccessful bid process. During this procurement both firms submitting bids presented a significant amount of data differentiating the performance of their particular units. Within the structure of a bid process, staff was unable to evaluate the relative merits of a machine's particular features since the lowest bid generally prevails.

The equipment being sought under this procurement is complicated and each manufacturer has a unique design and a variety of features available. Different features of a particular unit may result in long term savings to Metro even though the unit may not be the lowest cost. For example, if one manufacturer's unit produces higher payloads than its competitor's yet costs more, Metro may still be better off purchasing it because we may save more money in lower transport costs than the additional initial capital cost, over the life of the unit. Reliability, maintenance and operational costs are additional factors to be considered in determining the cost-effectiveness of a particular system since Metro must pay a portion of these costs. Such an analysis can only be conducted under a proposal process. This is because in a low bid process the manufacturer cannot offer innovations that enhance the life or cost-effectiveness of the unit if it increases the bid price. Potential savings available to Metro under a proposal process are detailed in the attached "Findings" as Exhibit B.

The proposal process will not diminish competition, but rather enhance it. Both firms manufacturing this equipment are expected to submit proposals and both submitted bids during the last procurement. The procurement approach will not change competition on this level. The

proposal process will permit the firms to customize their proposed equipment. Since these machines are essentially one of a kind, the proposal process promotes innovation and should raise the quality and long term cost-effectiveness of the products proposed as detailed in the "Findings". The RFP process therefore increases elements of competition for this procurement in a manner a bid process cannot. Metro has successfully utilized this approach to purchase all seven previous compactors used in Metro transfer stations without diminishing competition.

#### BUDGET IMPACT

This project was budgeted in FY1999-00 at \$903,800 and \$926,400 in FY2000-01. These payments will be made from the Renewal & Replacement Account, which has sufficient funds.

#### EXECUTIVE OFFICER RECOMMENDATION

The Executive Officer recommends approval of Resolution No. 00-2891.

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EXHIBIT "A"

**REQUEST FOR PROPOSALS  
for  
REPLACEMENT OF TWO SOLID WASTE COMPACTION SYSTEMS  
at the  
METRO CENTRAL TRANSFER STATION**

**RFP #00R-1-REM**

Metro  
Regional Environmental Management  
600 NE Grand Avenue  
Portland, OR 97232