

BEFORE THE METRO CONTRACT REVIEW BOARD

CONSIDERING AN AMENDMENT TO)	Resolution No. 06-3679
METRO CONTRACT NO. 926981, FOR)	
METRO CENTRAL TRANSFER STATION)	Introduced by Chief Operating Officer
COMPACTOR #2 REFURBISHMENT)	Michael J. Jordan, with the concurrence of
)	Council President David Bragdon
)	
)	

WHEREAS, Metro operates two waste collection and transfer facilities; and

WHEREAS, operation of those transfer facilities requires substantial investment in specialized equipment; and

WHEREAS, one of those investments is for equipment used to compact of solid waste for transfer to the landfill; and

WHEREAS, a contract for refurbishment of Compactor #2 at Metro Central Transfer Station is executed based on a special procurement process that authorizes exploratory examination of Compactor #2 for the purposes of refurbishment in lieu of replacement;

WHEREAS, pursuant to Metro Code Section 2.04.058(b)(2), Council approval is required for any public contract amendment that increases the contract amount more than \$25,000; and

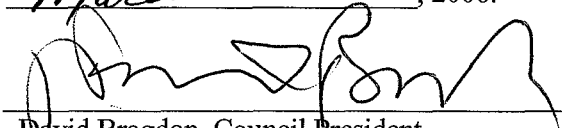
WHEREAS, the proposed amendment is for \$233,500; and

WHEREAS, this resolution was submitted to the Chief Operating Officer for consideration and was forwarded to the Council for approval; now therefore

BE IT RESOLVED

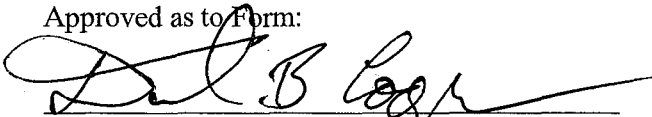
1. That the Metro Council authorizes the Chief Operating Officer to amend Contract 926981 for Metro Central Transfer Station Compactor #2 refurbishment in a form substantially similar to that attached as Exhibit A.

ADOPTED by the Metro Council this 30th day of March, 2006.



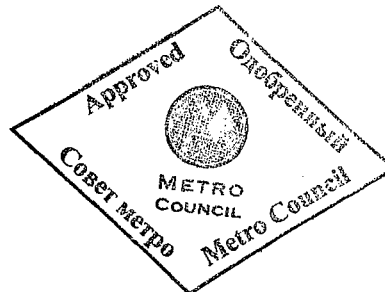
 David Bragdon, Council President

Approved as to Form:



 Daniel B. Cooper, Metro Attorney

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STAFF REPORT

RESOLUTION 06-3679: CONSIDERING AN AMENDMENT TO METRO CONTRACT NO. 926981, FOR METRO CENTRAL TRANSFER STATION COMPACTOR #2 REFURBISHMENT

Date: March 2, 2006 Prepared by: David Biedermann

BACKGROUND

Recently the Council was alerted by memo of a substantial contract to refurbish the Compactor #2 at the Metro Central Transfer Station that presented some contractual challenges in identifying the costs and direction of the work. (See attached.)

The thrust of that memo is that should Solid Waste staff determine it is economically feasible and appropriate to proceed with Phases 2 (\$109,000) and 3 (\$124,500) and more extensive repairs of Compactor #2, Council would be asked to authorize an amendment to the contract for the amounts related to those phases.

To avoid interruption should that determination be made, staff is asking Council to amend this contract to allow the immediate continuation of work at the site. To assure continuity in the refurbishment process (and avoid additional mobilization costs due to an interruption in Metro authorization to proceed), staff is asking for Council approval of Resolution 06-3679 for Amendment #1 to Metro Contract 926981 for \$233,500.

Staff expects the cylinders will be salvageable and will be removed and transported to the contractor's repair facility. This work can be carried out immediately following the inspection performed in Phase 1. It is imperative staff has the latitude to authorize the contractor to proceed with Phase 2 the same day Phase 1 is completed. Delay for change order processing will require that the compactor be reassembled and the work crews and rental equipment be returned. The result will be increased costs for the re-mobilization to remove the cylinders at a later date when Phase 2 authorization has been obtained. A similar situation will occur as we move from Phase 2 to Phase 3. As soon as the work of Phase 2 reaches the point that we know the cylinders' eventual size and repaired condition, we will be deciding on the course of action with respect to Phase 3.

At the same time, should the equipment be determined as unsalvageable for future use, Metro clearly reserves the contractual right to terminate the contract and end the refurbishment at the end of Phases 1, 2 or 3.

The work to be performed during Phase 1 of the project is the bare minimum that the contractor will complete. This phase is for the purpose of verifying the hydraulic cylinders and rods are not beyond repair. In a worst case scenario, if they are beyond repair, then the contractor will be directed to reinsert the rods and stop further work. The dollar amount in Phase 1 is the cost for this minimum scope. It includes the contractor's costs for mobilizing crews, equipment rental, and their payment bond costs. These costs are incurred regardless of the eventual scope of work completed.

ANALYSIS/INFORMATION

1. **Known Opposition:** None.
2. **Legal Antecedents:** Metro Code 2.05.058 (b)
3. **Anticipated Effects:** Execution of the contract for these services
4. **Budget Impacts:** This contract is budgeted in FY05-06.

RECOMMENDED ACTION: The Chief Operating Officer recommends approval of Resolution 06-3679

M E M O R A N D U M

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METRO

Resolution No. 06-3679
Attachment 1

February 17, 2006

To: Metro Council
Cc: Mike Jordan, Chief Operating Officer
From: David Biedermann, Contracts Manager
Subject: Information concerning a contract for
Refurbishment of Metro Central Compactor #2

The Metro Solid Waste and Recycling Department prepared a request for proposals in the fall of 2005 to contract for refurbishing compactor #2 at the Metro Central Transfer Station. This project is particularly complex in that it requires significant expertise in hydraulics and machinery repair and the extent and cost of the repairs to the compactor are discoverable only through a complicated reiterative disassembly and evaluation process.

Substantial dismantling work must be done to investigate the conditions of internal components of the compactor. Evaluation is then done to determine the cost benefit of doing the known repairs. To determine whether to proceed further requires more dismantling. At any point the cost benefit is deemed negative, refurbishment ceases, the machine is reassembled and long-range plans are made for full replacement.

Traditional contracting proposal methods of defining the problem scope and requesting cost proposals were not likely to achieve the best value for Metro and the project. The pattern of investigating the unknown issues must be done at a number of points before a decision can be made on the merits and costs of proceeding. Contractors will price their work to ensure that stopping at any disassembly point will still return a profit, which removes the flexibility of Metro staff in making cost effective decisions.

Procurement Services and Solid Waste and Recycling staff discussed the public contracting methods that lend themselves to a project such as this. The decision is that the most responsive process likely to return the best value is based on the use of an existing Special Procurement (Metro Code 2.04.053 (a) (11)); "Contracts for equipment repair or overhaul, but only when the service and/or parts required are unknown before the work begins and the cost cannot be determined without extensive preliminary dismantling or testing."

Nine vendors were contacted with four indicating interest in participating in interviews. During the first round of interviews, the four companies were examined on experience of the firm and individuals involved, their proposed plan and approach to the project, and

their inspection and evaluation sequence. Two firms, SSI Shredding Systems and Team Hydraulics, were invited back for subsequent interviews and discussions of project cost. Team Hydraulics was selected and a contract was awarded that is split into four phases. Only the first phase is authorized for \$28,000. Subsequent work can proceed only with Metro Solid Waste staff authorization.

The estimated cost for Phase 2 is \$109,000, and for Phase 3 \$124,500. The total of Phases 1-3 is \$261,500.

Should Solid Waste staff determine it is economically feasible and appropriate to proceed with Phase 2 (and subsequently Phase 3) and more extensive repairs of Compactor #2, Council will be asked to authorize an amendment to the contract for the amount related to that phase.

This step is required because, while the total amount of potential cost is identified, the actual authorized contract is for a maximum of \$28,000. Authority to increase that contract more than \$5,600 (20% of the original contract) rests with the Metro Contract Review Board.

No expenses above the Phase 1 cost of \$28,000 (other than the \$5,600 amendment limit) will be authorized without Council approval.

If you have any questions, feel free to call me at extension 1605.