

COUNCIL ACTION FORM

**SUBJECT: RESOURCE RECOVERY PRIMARY SHREDDER REPLACEMENT
(PHASE II)**

BACKGROUND:

On December 2012, City Council approved a two-phased approach to replace the 38-year old Primary Shredder at Resource Recovery Plant. On February 5, 2013, City Council approved a solicitation from Renewable Resource Consultants (RRC) of Maple Grove, MN, to provide Phase I services of engineering, design, and specifications for the replacement equipment along with details for removal of old equipment and installation of the new. RRC has completed the plans, specifications and bid documents with a cost estimate of \$1,154,700 for Phase II of the project.

Phase II is included in 2013/14 year of the Capital Improvements Plan (CIP) with funding in the amount of \$1,000,000 from Resource Recovery revenue abated G.O. Bonds. The contractor could begin the project as soon as April 24th with Council award. In the event that expenses are incurred prior to July 1st, savings of \$90,000 has been identified from the 2012/13 CIP to cover any expenditure prior to the new fiscal year. These funds will come from cost savings from Phase I engineering services of this project, and also from deferring building and rooftop equipment painting.

Staff has identified funding sources from the 2013/14 CIP Budget to cover any additional short fall by deferring other essential projects. Deferring those projects is advisable, due to the major impact that this project has on overall daily operations of the Resource Recovery Plant.

The schedule in the contract documents indicates completion for installation by fall 2013. A shredder could take as long as six months to get on site and could cost \$850,000. Thus, Phase II implementation must begin now to allow for synchronizing with the Power Plant's fall shutdown of Boiler #8. The Resource Recovery Plant's existing 38-year old high speed shredder will be sold after decommissioning, with the value to be determined by the market. Salvage value will be approximately \$9,000, but we will try to sell it on the heavy equipment market to maximize our return and partially offset the cost of the new shredder.

ALTERNATIVES:

1. Approve the 2013/14 Resource Recovery Primary Shredder Replacement (Phase II) by establishing April 17, 2013, as the date of letting and April 23, 2013, as the date for report of bids.

2. Direct staff to incorporate cost saving changes and delay the project as required.

MANAGER'S RECOMMENDED ACTION:

This project replaces the Plant's existing, 38-year old primary shredder with a new slow speed, high torque shredder. This new shredder will improve safety, improve throughput, and increase overall plant efficiencies while reducing the amount of material sent to the landfill. Adjustments in the timing of other plant projects are being made to insure that adequate funding is available to complete this project.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the 2013/14 Resource Recovery Primary Shredder Replacement (Phase II) by establishing April 17, 2013, as the date of letting and April 23, 2013, as the date for report of bids. The City Council should note that this action will accelerate authorization to begin the project by three months.