ITEM # ___9____
DATE: 01-8-13

COUNCIL ACTION FORM

SUBJECT: **RDF DRAG CONVEYORS FOR POWER PLANT**

BACKGROUND:

This quote is for the purchase of two drag conveyors for the Electric Services Power Plant. The Plant currently has four drag conveyor assemblies that are located under the Refuse Derived Fuel (RDF) bin. These units move the RDF from storage to the metering system for transport to the boiler plant for burning. Without these units, it would not be possible to transport the RDF to the Plant as fuel. This equipment is subject to high moisture levels and wear, and must be replaced periodically due to worn components and corrosion.

On November 14, 2012, a request for quotation (RFQ) document was issued to twenty-nine potential bidders. The RFQ was also advertised on the Current Bid Opportunities section of the Purchasing webpage. It was also sent to one plan room.

On December 14, 2012, five quotes were received as shown below:

Bidder	Bid Price*	Overall Cost**
April S. Lee & Associates, LLC St. Cloud, MN	$73,378.05	$78,434.01
Clarke's Sheet Metal, Inc., Eugene, OR	$92,733.63	
Pinnacle Air Pollution Control Valencia, PA	$87,600.00	$93,650.10
Jeffrey Rader, Inc. Woodruff, SC	$108,042.74	$115,458.73
OER Services, LLC Arlington Heights, IL	$166,120.00	$177,611.90
* This column consists of the actual dollar amount bid. Note: Clarke's Sheet Metal, Inc., is the only bidder who is licensed to collect IA sales-tax.		
** This column includes the Overall Cost when Iowa sales tax is taken into consideration. For bidder's two through five, the City would have to pay sales tax directly to the State of Iowa.		

Staff performed extensive evaluation of the apparent low bid in the amount of $73,378.05 (exclusive of sales-tax for evaluation purposes only) submitted by April S. Lee & Associates, LLC. **During the evaluation, staff discovered that this bidder is in the fabrication business using steel, fiberglass and other materials but have not made any material handling equipment since their founding in 2005.** Their products portfolio includes custom handrails for the transportation industry and fiberglass tanks. This would be their first experience with building a drag chain conveyor. **Based on the**

inexperience in building drag conveyors, staff is recommending that the apparent low bidder not be considered.

Staff has concluded that the apparent second low bid in the amount of $92,733.63 submitted by Clarke's Sheet Metal, Inc., Eugene, OR, is acceptable. **Council should note that Clarke's Sheet Metal is the designer and builder of the currently installed drag conveyors at the Power Plant. The bid technical specification utilized the original Clarke's design. The other two drag conveyors procured last year were made by Clarke's Sheet Metal. It is beneficial to the Power Plant to have all four conveyors made by the same firm and identical and made by a firm with a history of successful conveyor design and manufacturer.**

The approved FY 2012/13 operating budget contains $136,000 for RDF bin parts.

ALTERNATIVES:

1. Award a contract to Clarke's Sheet Metal, Inc., Eugene, OR, for two RDF Drag Conveyors in the amount of $92,733.63 (inclusive of Iowa sales tax).

2. Award a contract to one of the other bidders.

3. Reject the quotes and delay the replacement of the drag conveyors.

MANAGER'S RECOMMENDED ACTION:

Purchase of these two conveyors ensures continued efficient operation of the RDF transport system. Having one of these RDF drag conveyors go off-line could increase the risk of RDF not being transported to the boilers for burning. As a result, the Resource Recovery Plant would need to landfill the RDF until the drag conveyors were again operating correctly.

Utilizing an inexperienced contractor significantly increases the risk of project delays, cost overruns and low quality results. Clarke's Sheet Metal, Inc. has long history of producing these drag conveyors and they have supplied these identical drag conveyors for the City in the past with great success.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as stated above.