



City Council Report

Date: August 31, 2015
To: City Council
Through: Alex Deshuk, Chief Innovation Officer
From: Edward Quedens, MPA, C.P.M., CPPO, Business Services Director
Matt Bauer, MBA, CPPO, CPPB, CPSM, Procurement Administrator
Subject: One-Year Renewal of the Term Contract for Centrifuge Parts and Service for the Water Resources Department **(Sole Source) (Citywide)**

Purpose and Recommendation

Council is requested to approve the Renewal of the Term Contract for Centrifuge Parts and Service as recommended.

The Water Resources Department and Purchasing recommend authorizing a one-year renewal with the sole source vendor/contractor, GEA Mechanical Equipment US, Inc. at \$400,000.00, based on estimated requirements.

Background / Discussion

This contract provides for the purchase of GEA Westfalia centrifuge parts, repair services and maintenance services for a total of nine centrifuges: five located at the Greenfield and four at the Northwest Water Reclamation Plants.

The centrifuges/separators located at both plants, manufactured by GEA Westfalia, use the same operating principle to conduct and perform two separate tasks of thickening sludge and dewatering sludge. This is done by pumping liquid sludge into a cylinder and spinning at a very high speed and using centrifugal force to separate the solids from the liquids. Thickening and dewatering the sludge drastically lowers the volume of sludge needing to be treated and hauled away, increasing efficiency and lowering hauling costs. Without the use of the centrifuges, the volume of liquid sludge to be hauled would increase by approximately seven times, drastically increasing hauling costs and traffic in and out of the plants.

Centrifuges are large complex pieces of machinery that operate at high speeds and produce high gravitational forces. Because of the fine tolerances needed to keep the equipment working properly, it is critical that manufacturing specification be maintained. This is best done by using factory authorized repair, service and parts. The parts and service to be performed would include centrifuge overhauls, bearing replacements, scroll retilling and parts replacement.

GEA Mechanical Equipment US, Inc. has offered to renew the contract with an overall increase of 2.92%. GEA maintained pricing during the initial three-year term, and increased pricing by 12.57% for the first one-year renewal. This is the second and final one-year renewal. This is a sole source vendor and Terms and Conditions were negotiated at length. The City has been satisfied with the vendor's performance over the past four years and it is

in the City's best interest to renew the contract at the pricing offered. The Water Resources Department and Purchasing agree with the price increase.

On October 3, 2011, Council approved the initial one-year contract at \$263,040.00 with four, one-year renewal options. Council authorized the first one-year renewal on September 10, 2012, the second one-year renewal on August 26, 2013, and the third one-year renewal on August 18, 2014. This is the fourth and final, one-year renewal contract.

The parts and service are provided by GEA Mechanical Equipment US, Inc., a subsidiary of GEA Westfalia Separator Division, the sole distributor and factory authorized repair, service and parts provider for Westfalia Separator centrifuges and subcomponents. By extending the contract with GEA Westfalia the City maintains the conditions of the warranty for parts.

Alternatives

Council may choose not to authorize renewal to the sole source vendor/contractor. This is not recommended since the centrifuges are essential for the Northwest and Greenfield Water Reclamation Plants.

Fiscal Impact

The annual contract amount is funded by the Water Resources Department operating budget.

Coordinated With

Water Resources and Purchasing

PURCHASING INFORMATION

Action: Renewal

Procurement Type: Sole Source

Agreement Number: 2011190

Initial Contract Term: 10/1/2012 through 9/30/2013, renewed annually through 9/30/2015

Renewal Term: 10/1/2015 through 9/30/2016

Renewal Terms Remaining: None

RENEWAL RECOMMENDATION
GEA Mechanical Equipment US, Inc.
(GEA Westfalia Separator Division)
Northvale, NJ

Description	
<u>Repair Parts</u>	
GEA Westfalia centrifuge parts are offered at a 10% discount off their Manufacturer for the term of this contract	
<u>Repair Services</u>	
Monday – Friday 7 AM – 6 PM	\$105.00 / hour
Monday – Friday Overtime	\$140.00 / hour
Saturday	\$140.00 / hour
Sunday & Holidays	\$175.00 / hour
Engineering, Testing and Training Fees	\$1,190.00 / 8 hour day
Travel Time – Weekdays	\$65.00 / hour
Travel Time – Weekends/Holidays	\$95.00 / hour
<u>Annual Maintenance Service Plan</u>	
Greenfield Facility	\$28,000.00
Northwest (Riverview) Facility	\$28,000.00
Annual Contract Amount: <u>\$400,000.00</u>	