



Legislation Text

File #: 11-1465, Version: 1

Resolution to Appropriate Funds and Reimburse FCR LLC d/b/a RRS, Inc. for Capital Repair of Magnet at the Material Recovery Facility (\$94,788.00) **(8 Votes Required)**

The city owns a materials recovery facility (MRF) that is operated by FCR LLC d/b/a RRS, Inc. ("RRS"), under the terms of a twenty-six year agreement, now in the sixteen year, to operate and maintain the Material Recovery Facility (MRF) on behalf of the city. A jointly funded MRF Capitalized Renewal and Replacement Account exist within the Solid Waste Enterprise Fund to finance capital renewals and replacements as needed. The attached resolution appropriates funds and reimburses RRS for the cost of repairs described below.

BACKGROUND

In early February 2011, the MRF experienced the failure of the metal separation electromagnet that had been installed in the new single stream system. During the single stream construction process, RRS had evaluated ways to save dollars for the single stream conversion. One of the savings had been to use an existing electromagnet from the old sorting system.

RRS had performed many evaluation procedures on the magnet prior to installing it on the single stream system. After installation in the new single stream system, the electromagnet developed an oil leak from a fracture of one of the welds located in a lower corner of the magnet housing. This leak was not visible during testing and evaluation of the magnet. Once the magnet was installed and operational, heating from extended use caused the fracture within one of the welds to open, releasing oil and leading to a failure.

The failure of this magnet resulted in RRS having to implement expensive and very time-consuming hand-sorting of the steel off of the conveyor. The company had to move quickly to replace the magnet.

The placement of the magnet on the sorting line required the removal and replacement of a roof section and the use of a heavy crane. Because of Michigan road restrictions, the crane had to be brought in before March 1<sup>st</sup>, or face delays until mid-summer. Below are the quotes that RRS received for the project:

**CP Manufacturing:**

Dings 44 magnet with Rectifier:	\$44,500.00
Electrical components, engineering, and programming	\$3,800.00
Freight charges	\$3,300.00
Mechanical and electrical installation (incl. crane)	\$23,500.00
Remove & replace roof (Vanston / O'Brien)	\$19,688.00
<b>TOTAL</b>	<b>\$94,788.00</b>

**C & F Hydraulics**

Dings 44 magnet with Rectifier	\$48,000.00
Installation	\$25,000.00
Crane rental	\$8,000.00
Electrical & PLC programming	\$5,000.00
Remove & replace roof	\$19,000.00
<b>TOTAL</b>	<b>\$105,000.00</b>

The following companies were contacted, but could not perform the work in the time designated and therefore did not provide quotes:

L & B Contracting  
Cockrum's Welding & Fabrication  
Lucky's Welding and Fabrication

RRS selected CP Manufacturing for the work, which was completed on Saturday February 26, 2011. The City received the request for reimbursement on September 21, 2011.

Funding for these items will be provided through the MRF Capitalized Renewal and Replacement account, which as of June 30, 2011 had a balance of \$225,070.41. The Replacement account is controlled by the city and is funded by way of ongoing contributions from both the city and FCR through a calculation method established in the contract. In FY11 the contributions to that account totaled \$231,687.75. The City is currently working with FCR to update the replacement schedule for the MRF. It is expected that these expenses will not exceed the fund account.

The city's current operating contract with RRS is set to expire in September 2021.

Prepared by: Tom McMurtrie, Systems Planning Unit

Reviewed by: Matthew J. Kulhanek, Fleet & Facility Manager AND Sue F. McCormick, Public Services Administrator

Approved by: Steven D. Powers, City Administrator

Whereas, The city owns a materials recovery facility (MRF) that is operated by RRS LLC (An FCR division);

Whereas, RRS is in year sixteen of a twenty-six year operating agreement with the city to operate and maintain the MRF on behalf of the city;

Whereas, The metal separation electromagnet failed in early February 2011, requiring RRS to implement an expensive manual sorting system for steel;

Whereas, The replacement of the magnet required the use of a heavy crane, which needed to be delivered and removed from the facility before March 1, 2011;

Whereas, A jointly funded MRF Capitalized Renewal and Replacement Account exists within the Solid Waste Enterprise Fund to finance such expenditures;

Whereas, The operating contract agreement between the city and RRS provides for the reimbursement of expenditures made by RRS to be funded through the MRF Capitalized Renewal

and Replacement Account to RRS for equipment repairs at the MRF;

Whereas, The MRF Capitalized Renewal and Replacement Account, which had a \$225,070.41 balance as of June 30, 2011, is adequate to fund metal separation electromagnet repair; and

Whereas, RRS received updated Human Rights and Living Wage approval on June 3, 2010;

RESOLVED, That City Council appropriate \$94,788.00 in funding from the MRF Capitalized Renewal and Replacement Account of the Solid Waste Fund to the FY12 Solid Waste Operating budget in order to finance the reimbursement request from RRS for repair of the metal separation electromagnet at the city-owned MRF;

RESOLVED, That City Council approve the reimbursement to FCR LLC d/b/a RRS, Inc. of \$94,788.00 for repair of the metal separation electromagnet; and

RESOLVED, That City Council authorizes the City Administrator to take any necessary administrative actions to implement this resolution.