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Agenda Date: 1/5/2022, Item No. 80

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**27th Avenue Materials Recovery Facility Equipment Replacement - RFP 22-SW-014 - Requirements Contract (Ordinance S-48229)**

Request to authorize the City Manager, or his designee, to enter into an agreement with Machinex Technologies Inc. to design and build specialized equipment for the Materials Recovery Facility at the 27th Avenue Transfer Station to process recyclable material. Further request to authorize the City Controller to disburse all funds related to this agreement over the life of the contract. The total value of this agreement will not exceed \$25 million.

**Summary**

In the 1980s, the Mayor and City Council led Phoenix to establish a comprehensive solid waste management approach with a focus on reducing, reusing, and recycling. In response, the Public Works Department commenced a commingled curbside recycling program. On June 28, 1995, Council approved development of a Materials Recovery Facility (MRF) at the 27th Avenue Transfer Station as part of the Phoenix Recycles Program. The facility has been operational since Sept. 1, 1998. The City's second MRF opened at the North Gateway Transfer Station in 2006. The objective of Phoenix's recycling program is to conserve landfill space, which is becoming a challenge across the United States, and to create economic value by selling select recyclable materials (commodities) to various markets. By seeing this material as a resource, Phoenix has made the paradigm shift from a linear to a circular model of waste management whereby materials are diverted from the landfill and redistributed to create economic activity.

In December 2019, technology upgrades were completed at the North Gateway MRF to increase capture of commodities, improve quality of product, lower operating expense and increase revenue from commodity sales. Given the success of the North Gateway MRF upgrades, a capital project to replace the 27th Avenue MRF was included with the solid waste financial plan approved by Mayor and City Council on Feb. 11, 2020.

The 27th Avenue MRF operations were suspended in January 2021 due to the equipment reaching the end of useful life and no longer being effective at capturing commodities that are prevalent in the current recycle stream. Since the suspension,

recyclables from the 27th Avenue facility are hauled to the North Gateway MRF for processing. The City hired a consultant to evaluate the 27th Avenue MRF and it confirmed the long-term benefits of replacing the MRF versus continued hauling to North Gateway. Replacing the 27th Avenue MRF equipment is critical to meet the current volumes of inbound recycling and prevent North Gateway from aging more rapidly at current volumes. It will also provide critical MRF redundancy for the City and region, and provide capacity for population growth and new waste-to-resource diversion programs.

The Request for Proposals (RFP) opened on Aug. 13, 2021 to replace the 27th Avenue MRF with state-of-the-art equipment with improved processing speeds, adaptability for new materials, reduced maintenance costs, and greater efficiency to increase the capture rate and product quality.

To prepare the 27th Avenue MRF for equipment replacement, a contractor was selected and deconstruction of the 27th Avenue MRF equipment occurred in October 2021. A second contractor has been selected to assess the building condition and design improvements necessary to support the new equipment such as fire-life safety, HVAC and electrical components.

### **Procurement Information**

Request for Proposal (RFP) 22-SW-0014 was conducted in accordance with Administrative Regulation 3.10. Four proposals were received on Oct. 6, 2021. The offers were evaluated by a committee that included representation from the Public Works Department, industry experts, and technical advisors. The offers were evaluated based on the following criteria requirements with 1,000 points possible:

- Price (325 points);
- Experience/Past Performance, Training and Start Up Plan, Implementation Schedule, References (275 points);
- Design Layout and Maintenance Flexibility (200 points);
- Proposed Equipment and Impact on Labor (150 points); and
- Warranty Provided Above Minimum Requirement (50 points).

The evaluation committee determined that three firms were within competitive range and were invited to participate in interviews. This resulted in the evaluation committee reaching a consensus to enter into the Best and Final Offer (BAFO) process with two firms. The final consensus is to recommend contract award to Machinex Technologies Inc. and be accepted as the highest scored, responsive and responsible offer that is most advantageous to the City.

● The finalists and their scores are as follows:

Machinex Technologies Inc.: 949 points

VAN DYK Recycling Solutions: 900 points

**Contract Term**

The term of this contract is for one year and will commence on Jan. 1, 2022 and will be for one year or until the completion and acceptance of the entire project.

**Financial Impact**

The expenditure for this contract will not exceed \$25 million.

Funding is available in the Public Works Department's Capital Improvement Program budget.

**Concurrence/Previous Council Action**

The City Council approved the Solid Waste Rate Increase and Capital Plan on Feb. 11, 2020, by a vote of 7-2.

● The Transportation, Infrastructure and Innovation Subcommittee received an informational update on the Solid Waste Resources, Infrastructure and Financial Plan on Feb. 3, 2021.

The City Council approved the American Rescue Plan Act (ARPA) Strategic Plan that included a funding allocation to partially offset the estimated equipment replacement costs for the 27th Avenue MRF on June 8, 2021, by a vote of 7-2.

The Community and Cultural Investment Subcommittee received an informational update on the 27th Avenue Material Recovery Facility Equipment Replacement on Dec. 1, 2021.

**Location**

27th Avenue Transfer Station - 3060 S. 27th Ave.

Council District: 7

**Responsible Department**

This item is submitted by Deputy City Manager Karen Peters and the Public Works Department