



April 15, 2014

City of Rochelle  
Manager David Plyman  
420 North 6<sup>th</sup> Street  
Rochelle, IL 61068

RE: Recommendation of Award  
Sludge Dewatering Improvements

Dear Manager Plyman,

The City of Rochelle received two bids for the Sludge Dewatering Improvements project. The bids are tabulated below.

<b>Bidder</b>	<b>Base Bid</b>	<b>Ded. Alt.</b>	<b>Alt Bid</b>
Boller Construction Company Inc.	\$1,794,000.00	(\$350,000.00)	\$1,444,000.00
D.J. Sickley Construction Co. Inc.	\$1,799,383.00	(\$383,504.00)	\$1,415,879.00

The base bid includes removal of three existing small centrifuges and replacement with two new larger centrifuge units. The deductive alternate removes one of the new larger centrifuges from the scope of the contract, and retains two of the three existing smaller centrifuges. Boller Construction Company, Inc is the low bidder for the Base Bid, and D.J. Sickley is the low bidder should the deductive alternate be accepted.

The currently available funds for the project total \$1,600,000.00. The provisions for the deductive alternate were included in the contract due to limited funds available. If the base bid amount were to exceed the available funds, then the deductive alternate could be selected to reduce the overall cost of the project. Although the base bid amount exceeds the currently available funds, Trotter and Associates feels that it is in the best interests of the City to secure the additional funds for the base bid contract and not accept the deductive alternate.

If the deductive alternate were to be accepted, the two existing small centrifuges to remain would require maintenance that has been deferred in anticipation of removal from service. The cost for repair/rebuild of the existing centrifuges is expected to be \$60,000 additional expense to the City. In addition, we estimate that the cost to purchase and install the second centrifuge at a later date would be \$750,000.00.

It is anticipated that second centrifuge would be required to be installed within 5 years, so the annualized 5 year cost to exercise the deductive alternate would be approximately  $(\$750,000 - \$350,000 + \$60,000)/5 = \$92,000$  per year.

The City estimates that the two existing smaller centrifuges have a resale/salvage value of approximately \$80,000 to \$85,000 each, and that an additional \$20,000 to \$30,000 salvage value is anticipated from the existing sludge conveyor systems. Using the conservative values, \$180,000 will be recovered through disposal of the existing equipment. It is expected that the resale/salvage value of the existing equipment will approach zero at 5 years, and would be lost should the replacement be deferred until that time.



For these reasons Trotter and Associates recommends that the City proceed with the complete project at this time.

Please contact me if you have any questions.

Sincerely,

Trotter and Associates, Inc.

A handwritten signature in black ink, appearing to read 'Mark R. Sikora'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Mark Sikora, P.E.  
Vice President