



City of Homer

www.cityofhomer-ak.gov

Port and Harbor

4350 Homer Spit Road
Homer, AK 99603

port@cityofhomer-ak.gov

(p) 907-235-3160

(f) 907-235-3152

Memorandum 14-017

TO: MAYOR BETH WYTHE & HOMER CITY COUNCIL
CC: WALT WREDE, CITY MANAGER
FROM: BRYAN HAWKINS, PORT DIRECTOR/HARBORMASTER *BH*
DATE: JANUARY 17, 2014
SUBJECT: JUSTIFICATION FOR A SOLE SOURCE PROCUREMENT OF A NEW FISH GRINDER

During the previous City Council meeting on January 13, 2014, Council approved the first reading of Ordinance 14-04 for the purchase of a new fish grinder. At that time, Council also requested staff provide further information and justification for our recommendation in time for the second reading of this ordinance.

The Homer Harbor's fish grinder is a specialized piece of equipment supplied by only a few manufacturers. The type, quality, and recommended uses of such equipment vary, and our needed use for grinding fish requires a high level of power and capacity.

One of the challenges that staff faces when administering a request for proposals is that we are not allowed to inform potential bidders that an opportunity to bid exists when we are advertising. The concern behind this restriction is that staff may not act ethically, or may just notify their favorite vendors/manufacturers of the bid opportunity. This leaves staff in a quandary when attempting to buy a product that is not locally available. We have seen many cases like this, when advertised RFP's receive no responses due to lack of local support for that product, and then staff must contact all known manufacturers anyways for quotes.

The decision not to advertise an RFP was based on research that Harbor staff conducted while looking into replacing the fish grinder. Because there is a minimal need for such specialized equipment in Homer and no known vendors to supply this equipment, we concluded that there would be very little chance of any responses to an RFP. On further investigation, we found that most of these machines are sold directly from the manufacturers and there are no vendors/dealers on the West Coast. This information means we are able to buy from the manufacturers directly and save any markup costs. Regarding shipping costs, regardless of if we purchase locally or from the contiguous U.S., we would still be required to cover the shipping costs to get the equipment up to Homer.

Harbor staff found four models that we felt were suitable and requested price and availability quotes. Next, we investigated the possibility of upgrading to a different type of grinder that could possibly reduce man hours. We also spoke to Mike McCune, owner of The Fish Factory, for his input. Mike has been in the fish processing business for his entire career and has many contacts throughout the West Coast that are in the same business. The Fish Factory is also the company that the City has contracted to run the fish grinder since it was first installed in 2000.

We learned through Mike that dog fish sharks and skate are particularly difficult to grind because of their rough sandpaper-like skin. Processors who work with these species report that they "wear out the grinder's metal-working surfaces," causing a much shorter life span of their grinder equipment. Many of these processors use a double grinder method where they line up a "muncher/ shredder" machine ahead of the more traditional grinder like we currently

use. This method, of course, doubles the machinery and maintenance costs. Because of this information I will recommend that processors who want to venture into the dog fish and skate market, plan to dispose of this waste themselves as the City cannot take on this added expense, in both equipment and labor.

Our grinder operation was designed to handle primarily halibut and salmon, and it has done well for the past 14 years. It was sized correctly for the job in the beginning, and after staffs' review we feel confident that a direct replacement of the existing equipment is still the right choice. A direct replacement will also save installation costs as no fabrication changes to the feed tables will be required.

Recommendation

Staff recommends Council authorizes the sole source purchase of a new fish grinder from Autio Company in Astoria, Oregon.