

ITEM #: 23
DATE: 4-28-09

COUNCIL ACTION FORM

**SUBJECT: REPORT OF BIDS AND AWARD OF CONTRACT FOR UNIT NO. 8
STEAM GENERATOR WATERWALL PANELS**

BACKGROUND:

This project will address ongoing problems in Unit No. 8 by replacing the bottom 50 ft. of tubing in the boiler. This work will be one of the initial projects which the City will be undertaking to address increased maintenance needs at the Plant. This project will also help to prolong the serviceability of the Power Plant through 2025, as indicated by the Burns and McDonnell study. Due to the age of the tubes in the boiler, ruptures and tube failures have become increasingly more common. There were nine separate occurrences of tube leaks which resulted in nine separate forced outages of the boiler in FY 2007/2008. The condition of the boiler tubes has become a major reliability factor. Any replaced tubes that are still serviceable will be retained for use in case of emergency repairs in the future.

On April 15, 2009, bids for tube material were received as shown on the attached report. Electric Services staff and the consulting engineer from Brown Engineering Company reviewed the bids. Staff concluded that the low base bid submitted by Boiler Tube Company of America in the amount of \$1,408,355.00, plus applicable sales taxes, is acceptable. The consultant from Brown Engineering Company has indicated that the alternates offered by Boiler Tube Company of America for different surface coatings would not provide adequate corrosion/erosion control. Electric Services staff has experience with the material specified and is confident that it will perform in the Power Plant boilers. Boiler Tube Company of America is not licensed to collect sales taxes for the State of Iowa. The City of Ames would pay applicable Iowa Sales Taxes directly to the State of Iowa.

The bid from Boiler Tube Company of America includes several exceptions to the City's standard contract terms and conditions. Exceptions include limiting liability to personal injury, death, and property damage to the extent arising out of the Contractor's negligent acts or omissions, and limiting liability including remedial warranty efforts to the amount of the contract. Staff is recommending that the Council accept these limitations, as this is a material purchase only.

The FY 2009/2010 CIP includes \$4,500,000 for Unit No. 8 boiler tube repair. This portion of the project is for the tubing material in a portion of the boiler only. The Engineer's estimated cost for this material was \$1,621,000.

Replacement of the super-heater tubes (located in a different area of the boiler) is also included in this CIP project. That portion of the project will be bid separately once the technical specifications have been developed.

ALTERNATIVES:

1. Award a contract to Boiler Tube Company of America for Unit No. 8 Steam Generator Waterwall Panels in the amount of \$1,408,355.00 plus applicable sales taxes to be paid directly by the City of Ames to the State of Iowa.
2. Reject all bids and delay the replacement of the bottom 50 ft. of boiler tubes and super-heater tubes.

MANAGER'S RECOMMENDED ACTION:

This project will address Unit No. 8 tube problems by replacing the bottom 50 ft. of tubing in the boiler. This project is necessary to improve reliability of Unit No. 8, and to prepare to continue to operate the unit through 2025. This is the first in a number of projects which will increase the maintenance work on the Plant and implement strategies required under the recommendations in the Burns and McDonnell Power Supply Options Study. It should be noted that this award is for the purchase of tube material only. A bid process at a later date will determine the contractor for the installation of the tubes.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby awarding a contract for Unit No. 8 Steam General Waterwall Panels to Boiler Tube Company of America in the amount of \$1,408,355.00, plus applicable sales taxes to be paid directly by the City of Ames to the State of Iowa.