

COUNCIL ACTION FORM

SUBJECT: POWER PLANT DISTRIBUTIVE CONTROL SYSTEM UPGRADE

BACKGROUND:

This project involves separating the Distributive Control System (DCS) network into three distinct networks (Unit 7, Unit 8, and Common Services) and converting the software to the latest Windows platform. This upgrade requires new software and the conversion of existing code, some new hardware, and the complete installation of the upgraded system.

On December 30, 2009, bids were received as shown on the attached report. These bids were reported to City Council on January 12, 2010. After further evaluation of both of the remaining two bid submittals, staff has concluded that the bid submitted by Emerson Process Management was found to also be non-responsive. The non-responsiveness was determined by careful evaluation of the Emerson bid. Emerson took exception to multiple aspects of the technical specifications that are not acceptable to the City of Ames. Examples of specific exceptions are things such as (1) unwillingness to offer multiple operations and maintenance training classes to accommodate our rotating operator schedules, (2) shortening factory testing durations from 2 weeks to 2 days, (3) not migrating historical data from the existing DCS system to the upgraded system, and (4) offering onerous terms of payment that would have required the City to release 95% of the payment before the system was ever installed on site.

One responsive bid remains from the three originally submitted. Staff has concluded that the bid of \$887,851.76 submitted by Sega, Inc., of Stilwell, KS is acceptable.

The approved 2009/10 Capital Improvements Plan includes \$450,000, plus a carry-over of \$35,380 from the 2008/09 start of this project (\$485,380 total), for the Control System Upgrade. The Engineer's estimate of the cost of this project is \$732,596. The project's \$485,380 budget was based on a material only quote from Emerson in 2007. **The large difference between the budgeted amount and the Engineer's estimate is due to the inclusion of installation labor in the plans and specifications in the Engineer's estimate.** This is a significant change from how this project was originally budgeted. The installation is now being contracted out because this work is beyond what City of Ames crews can complete in a timely manner during an outage.

The acceptable bid from Sega, Inc. exceeds the Engineer's estimate by \$155,255.76. Additional funding of \$134,620 is being included in the 2009/10 budget for this work, bringing the 2009/10 budget to \$620,000. These funds will come from the Electric Utility

Fund balance. This leaves \$350,000 in the 2010/11 Capital Improvements Plan for completion of the project, including a contingency amount of \$82,148.

ALTERNATIVES:

1. Award a contract to Sega, Inc., of Stilwell, KS for the Power Plant Control System Upgrade in the amount of \$887,851.76.
2. Reject all bids and delay the upgrade to the control system.

MANAGER'S RECOMMENDED ACTION:

This project will mitigate the current reliability risk of the Power Plant's Distributive Control System and will provide a fully supported control system for Units 7 & 8. This equipment will provide effective communication between all systems in the Plant, including future Plant upgrades. Staff is confident that Sega is well qualified to successfully complete this project.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby awarding a contract to Sega, Inc., of Stilwell, KS for the Power Plant Control System Upgrade in the amount of \$887,851.76.

Bid Summary 2010-124



**INVITATION TO BID NO. 2010-124
EMERSON OVATION CONTROL SYSTEM
UPGRADE**

| BIDDER | TOTAL |
|----------------------------|--------------|
| Sega, Inc. | \$887,851.76 |
| Emerson Process Management | UNRESPONSIVE |
| Utilities Plus | UNRESPONSIVE |