

**COUNCIL ACTION FORM**

**SUBJECT:**           **POWER PLANT UNIT #7 STACK REPAIR CONTRACT AWARD**

**BACKGROUND:**

Cracks in the upper outer shell of Unit #7 stack were observed in 2007. As a result, two steel bands were installed to reinforce the shell of the stack. In 2011, a professional inspection of the stack identified several additional defects that require immediate attention to keep the stack safe and secure.

On April 10, 2012, City Council approved preliminary plans and specifications for the Unit #7 Stack Repair. The scope of the project includes installing additional steel reinforcing rings, replacing the grating on the elevated platforms, replacing the top ring, repairing the upper five courses of brick liner, painting the ladder and platforms, cleaning the interior, repairing cracks in the concrete, and coating the stack with a waterproof coating.

Bid documents were issued to twenty-three potential bidders. The bid was advertised on the Current Bid Opportunities section of the Purchasing webpage and a Legal Notice was published in the Ames Tribune. The bid was also sent to two plan rooms.

On May 23, 2012, three bids were received as shown below:

<b>BIDDER</b>	<b>BASE BID</b>	<b>SALES TAX INC</b>	<b>EVALUATED TOTAL</b>
NAES Power Contractors Cranberry Township, PA	\$227,354	\$4,995.00	\$222,359
Gerard Chimney Company, St. Louis, MO	\$230,800	Not Licensed	\$230,800
Industrial Access, Alpharetta, GA	\$380,603	Not Licensed	\$380,603
* Evaluated Total is less all applicable sales tax since two of the bidders are not licensed to collect.			

Staff concluded that the apparent low bid submitted by NAES Power Contractors, Cranberry Township, PA, in the amount of \$227,354 is acceptable.

The Engineer's estimate of the cost of the repair is \$214,000. **Because of the unplanned nature of this repair, funds were not included in the FY 2012/13 budget. Since the stack is a vital part of the plant, this emergency project will need to be funded from savings identified elsewhere in the budget.**

Funding for this \$227,354 repair will need to come from the FY 2011/12 operating budget. Possible sources include savings from delaying the Unit #7 air heater project a reduction in Unit #7 boiler parts and supplies.

**ALTERNATIVES:**

1. Award a contract to NAES Power Contractors, Cranberry Township, PA, for the Unit #7 Stack Repair in the amount of \$227,354.
2. Reject all bids and delay repair of the Unit #7 stack.

**MANAGER'S RECOMMENDED ACTION:**

This project will address the cracked and broken liner in the Unit #7. It is crucial to have this work done because the stack is at risk of failing prematurely due to the cracks. The Unit cannot operate without a functioning stack to transport the exhaust away from the boiler.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.