

COUNCIL ACTION FORM

SUBJECT: POWER PLANT UNIT #8 COAL MILL PARTS

BACKGROUND:

This purchase is for mill parts needed for planned mill rebuilds associated with routine maintenance and inventory replenishment for the Power Plant's Unit #8 coal mills. This equipment is used for pulverizing coal into a powder used as fuel in the Unit's Boiler. Although the plant will be converted to natural gas operation within the next few years, failure to maintain the coal equipment now could lead to a premature breakdown.

A total of four mills provide coal for Unit #8, and three of those four must be operating for the Plant to be fully operational. If they are not kept in operating condition, the Power Plant may need to purchase electricity or start up one or both diesel-fired peaking units in order to supplement generating capacity. This could also require suspension of burning refuse-derived fuel (RDF). Having these mills out of operation would likely lead to significantly higher production costs and greater land-filling of the county's garbage. Additionally, coal that is poorly ground leads to inefficiency, unstable fire and increases in the potential for flameouts.

Because many of the parts that need to be purchased have long lead times, they need to be ordered now so that they are on hand for the next maintenance outages. Those are planned for late spring 2014 and fall 2014.

On February 7, 2014, an invitation to bid document was issued to five firms. The invitation was advertised on the Current Bid Opportunities section of the Purchasing webpage, and was also sent to one plan room.

On February 19, 2014, two bids were received as shown on the attached report.

After evaluation, staff determined that the bid submitted by Pinnacle Air Pollution Control, Inc. is non-responsive. This determination of non-responsiveness was based upon (1) the firm did not provide a copy of the manufacturer's specifications or complete supporting data on the parts that were bid; and (2) the firm did not provide three references for similarly supplied parts. Both of these items were required if bids were from non-OEM (original equipment manufacturer) firms. Without this information, staff is unable to provide a comprehensive bid evaluation to confirm that the parts bid will work for the application.

As a result, only one bid from Babcock & Wilcox Power Generation Group, Inc. (B&W), Barberton OH, remained. Staff reviewed that bid and concluded it was acceptable.

Staff subsequently determined that not all of the quantity listed for one of the parts is needed at this time. As a result, the list has been revised as shown on the bid report under the section “*Revised Quantities: To be purchased*”. This change in quantities awarded is allowable, since the bid document included the provision, “*The City reserves the right to award this contract in whole or by various line item quantities. Therefore, each line item must be bid as a standalone price.*” **Based on these revisions, the total dollar cost for the parts needed is \$138,298.95.**

B & W is a very large international company, and is the original equipment manufacturer for the coal mills and for the replacement parts that need to be ordered. Since these are parts from the original manufacturer, staff believes that the parts will meet our performance needs. In addition, B & W is a reputable provider and its representatives have historically provided excellent service to the City.

Funding is available from the approved FY 2014/15 Electric Production operating budget for Unit #8 Boiler Pulverizer parts, which contains \$150,000 for parts.

ALTERNATIVES:

1. Award a contract to Babcock & Wilcox of Barberton, OH for the purchase of Unit #8 Coal Mill Parts in the amount of \$138,298.95 (inclusive of sales-tax).
2. Reject the responsive bid received and direct staff to delay purchase of these replacement parts.

MANAGER'S RECOMMENDED ACTION:

The purchase of these mill parts in advance of major maintenance work will reduce the risks of delays on planned mill rebuilds, and will also help reduce downtime due to unplanned mill equipment failures. Having a coal mill fail and remain down for an extended period of time could create significant challenges for both the Power Plant and the Resource Recovery Plant.

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



2014-161 MILL PARTS FOR UNIT 8 BID SUMMARY

Quantities: Original bid

BIDDER:			Babcock & Wilcox Power Generation Group, Inc. Barberton, OH		Pinnacle Air Pollution Control, Inc. Valencia, PA	
Description	B & W ref. DWG	Qty	Unit Price	Total	Unit Price	Total
Balls, 12.25 in dia	131693B	45	\$825.00	\$37,125.00	Non-Responsive	
Top Grinding Ring	245860E	2	\$22,028.00	\$44,056.00		
Bottom Grinding Ring	145445D	2	\$16,559.00	\$33,118.00		
Shaft, Assy Main 8" E & EL64-70 w/ Thrust PL, Keys & Nut		1	\$22,561.00	\$22,561.00		
				Sub-total:		\$136,860.00
				7% Sales Tax:		\$9,580.20
				Freight:		\$5,100.00
				OVERALL:		\$151,540.20

Revised Quantities: To be purchased

BIDDER:			Babcock & Wilcox Power Generation Group, Inc. Barberton, OH	
Description	B & W ref. DWG	Qty	Unit Price	Total
Balls, 12.25 in dia	131693B	30	\$825.00	\$24,750.00
Top Grinding Ring	245860E	2	\$22,028.00	\$44,056.00
Bottom Grinding Ring	145445D	2	\$16,559.00	\$33,118.00
Shaft, Assy Main 8" E & EL64-70 w/ Thrust PL, Keys & Nut		1	\$22,561.00	\$22,561.00
			Sub-total:	\$124,485.00
			7% Sales Tax:	\$8,713.95
			Freight:	\$5,100.00
			OVERALL:	\$138,298.95