

**COUNCIL ACTION FORM**

**SUBJECT:**     **STEEL RISER PIPE FOR POWER PLANT UNIT #8**

**BACKGROUND:**

Riser pipes transport circulating cooling water to the top of the cooling tower at the Power Plant. After 33 years of operation, the existing steel pipes for Unit #8 have deteriorated and the plant is now experiencing leaks due to corrosion. **This project is for the purchase of the piping material only.** Installation will be done by City staff or under the City's blanket contract with Pro Energy.

On July 23, 2014, a Request for Quotation (RFQ) document was issued to twenty firms for the purchase of the pipe. The RFQ was advertised on the Current Bid Opportunities section of the Purchasing webpage, and was also sent to two plan rooms.

On August 7, 2014, four quotes were received as shown on the attached report.

Staff has reviewed the bids and concluded that the apparent low bid submitted by Power, Process & Industrial LLC, Marcelline, Missouri, in the amount of \$47,100.14 is acceptable. This vendor is not licensed to collect sales taxes for the State of Iowa, so the City will pay applicable Iowa Sales Taxes directly to the State.

Funding is available in the approved FY2014/15 Electric Production operating budget.

**ALTERNATIVES:**

1. Award a contract to Power, Process & Industrial LLC, Marcelline, Missouri, for the purchase of steel riser pipe for the Power Plant circulating water system in the amount of \$47,100.14, with applicable sales taxes to be paid directly by the City to the State of Iowa.
2. Reject all quotes and delay the purchase of the riser pipe.

**MANAGER'S RECOMMENDED ACTION:**

The existing riser pipes are deteriorating and are in need of replacement. Without this replacement, there is a risk that the pipes could fail, which could result in the potential for damage to adjacent equipment and property. The recommended bid is also substantially lower than the other three bids received.

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



**2015-020 STEEL RISER PIPE FOR POWER PLANT CIRCULATING WATER SYSTEM**

BIDDER:		Power, Process & Industrial LLC Marceline, MO		April S. Lee & Associates Inc St. Cloud, MN		Allstate Tower, Inc. Henderson, KY		Potts Welding and Boiler Repair Co., Inc. Newark, DE	
DESCRIPTION	QTY	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
Steel riser pipe as specified	3	\$15,345.88	\$46,037.64	\$24,082.00	\$72,246.00	\$23,748.00	\$71,244.00	\$39,450.00	\$118,350.00
Sub-total:			\$46,037.64		\$72,246.00		\$71,244.00		\$118,350.00
Non-Taxable Freight Amount:			\$1,062.50		\$1,000.00		\$2,455.00		\$7,035.00
<b>TOTAL</b>			<b>\$47,100.14</b>		<b>\$73,246.00</b>		<b>\$73,699.00</b>		<b>\$125,385.00</b>

**NOTE: All four bidders are not licended to collect State of Iowa sales tax.**