

COUNCIL ACTION FORM

SUBJECT: POWER PLANT UNIT #7 FEEDWATER HEATER REPLACEMENT

BACKGROUND:

On October 28, 2014, City Council approved preliminary plans and specifications for the Unit #7 Feedwater Heater Replacement. This project is for a contractor to supply and replace feedwater heaters on Power Plant Unit #7. Feedwater heaters are devices that use extraction steam from the turbine to preheat the feedwater prior to returning to the boiler. This increases the efficiency of the entire steam generating system.

Bid documents were issued to twenty-nine 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 November 26, 2014, three bids were received as shown below.

Bidder	Alternate 1: 70-30 Cu-Ni Material	Alternate 2: T-22 Material
American Exchanger Services, Inc. Hartford, WI	\$315,427.00	\$283,705.00
8760 Service Group, LLC Sedalia, MO	\$449,996.70	No Bid
SPX Heat Transfer LLC Tulsa, OK	\$623,505.00	\$596,153.00
Council should note that all bids do not include applicable Iowa sales tax since two of the bidders are not licensed to collect.		

Staff reviewed the bids and concluded that the apparent low bid for **Alternate 2: T-22 Material** submitted by American Exchanger Services, Inc., Hartford, WI in the amount of **\$283,705.00** is acceptable. This vendor is not licensed to collect sales taxes for the State of Iowa. As a result, the City will pay applicable Iowa Sales Taxes in the amount \$15,330 directly to the State.

The Engineer's estimate of the total contractor cost for this project is \$850,000. The 2014/15 Capital Improvements Plan includes \$980,000 for the Feedwater Tube Replacement for Unit #7 project.

ALTERNATIVES:

1. Award a contract to American Exchanger Services, Inc., Hartford, WI for the Unit #7 Feedwater Heater Replacement in the amount of \$283,705.00 plus applicable sales taxes in the amount of \$15,330 to be paid directly by the City of Ames to the State of Iowa.
2. Reject all bids which will delay the replacement of the Unit #7 feedwater heaters.

MANAGER'S RECOMMENDED ACTION:

Feedwater heaters are subject to long-term corrosion and wear due to operating conditions within the Plant. Replacement is required in order to maintain operability and high efficiency. Heater payback is about 4 months of continuous operation. As is noted above, poorly maintained feedwater heaters increase costs for the utility, and there is a risk of damage to the boiler due to a higher firing rate. **The recommended award for the T-22 material is the lowest cost and the stronger material.**

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