

COUNCIL ACTION FORM

**SUBJECT: POWER PLANT FUEL CONVERSION – AWARD OF MECHANICAL
INSTALLATION GENERAL WORK CONTRACT**

BACKGROUND:

In November 2013 the City Council voted to convert the City's Power Plant from coal to natural gas. Implementing this decision requires a significant amount of engineering, installation of equipment, and modification and construction in the Power Plant.

On June 23, 2015, City Council approved preliminary plans and specifications for the Mechanical Installation General Work Contract. **This specific phase of the conversion project is to hire a contractor to perform the mechanical installation work.**

Bid documents for this project were issued to fifty-one companies. 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 four planrooms.

On July 23, 2015, ten bids were received as shown below.

| BIDDER | LUMP SUM PRICE |
|---|----------------|
| TEI Construction Services, Inc. Duncan, SC | \$1,572,019.00 |
| Capital City Boiler & Machine Works, Inc. Des Moines, IA | \$1,865,450.00 |
| 8760 Service Group, LLC Sedalia, MO | \$1,987,302.68 |
| AZCO Inc. Appleton, WI | \$2,605,750.00 |
| Saulsbury Industries, Inc Farmers Branch, TX | \$3,157,319.00 |
| ProEnergy Services, LLC Sedalia, MO | \$3,979,344.46 |
| Associated Mechanical Inc. Olathe, Ks | \$4,357,738.00 |

| BIDDER | LUMP SUM PRICE |
|---|----------------|
| Frank Lill and Son, Inc. Webster, NY | \$4,779,978.00 |
| Ragan Mechanical, Inc Davenport, IA | Non-responsive |
| Jamar Company Green Bay, WI | Non-responsive |

City staff worked with our engineering firm, Sargent & Lundy (S&L), to perform a careful and extensive evaluation of the bids. After the initial evaluation, they determined that the bids submitted by Ragan Mechanical, Inc. and Jamar Company were both non-responsive. Ragan Mechanical was non-responsive because their bid was incomplete. They did not submit Proposal Data Pages which are crucial for the bid evaluation. Jamar Company's bid was non-responsive because they did not sign their bid, which is a mandatory requirement.

City staff and Sargent & Lundy (S&L) reviewed the bids and concluded that the apparent low bid submitted by TEI Construction Services, Inc., Duncan, SC (TEIC) in the amount of \$1,572,019 is acceptable. Due to the large range of bid prices and TEI's bid amount relative to the engineer's estimate, staff and the consulting engineer have spent a great deal of time confirming that the bid meets the scope of work requested. Council should note that the bid submitted by TEIC did not include applicable sales taxes. The City will reimburse TEIC through a change order once the taxes amount becomes available.

The Engineer's estimate of the cost for this phase of the project was \$5,115,000. These costs will be covered from funding identified in the approved FY 2015/16 Capital Improvements Plan, which includes \$26,000,000 for the Unit 7 and Unit 8 fuel conversion. The overall project budget and commitments to date are summarized on page 4.

ALTERNATIVES:

1. Award a contract to TEI Construction Services, Inc., Duncan SC, for the Mechanical Installation General Work Contract in the amount of \$1,572,019.
2. Approve a contract with one of the other bidders.
3. Reject all bids and direct staff to rebid.

MANAGER'S RECOMMENDED ACTION:

This conversion is needed in order for the Power Plant to remain in compliance with state and federal air quality regulations. This major phase will provide for the mechanical work necessary to install the natural gas burners into the boilers, provide for the natural gas piping from the burners to the main Alliant pipeline, and accomplish structural modifications and valve trains.

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

PROJECT BUDGET

The overall project budget and commitments to date are summarized below. To date, the project budget has the following items encumbered:

| | |
|---------------------|---|
| \$26,000,000 | FY 2015/16 CIP amount budgeted for project |
| \$1,995,000 | Encumbered not-to-exceed amount for Engineering Services |
| \$2,395,000 | Engineering Services Contract Change Order No. 1 |
| \$174,000 | Engineering Services Contract Change Order No. 2 |
| \$3,355,300 | Contract cost for Natural Gas Conversion Equipment |
| \$29,869 | Equipment Contract Change Order No. 1 |
| (-\$321,600) | Equipment Contract Change Order No. 2 |
| (-\$51,000) | Equipment Contract Change Order No. 3 |
| \$1,595,000 | Contract cost for DCS equipment |
| \$814,920 | Contract cost for TCS equipment |
| \$244,731 | Equipment Contract Change Order No. 1 (separate item on this agenda) |
| \$186,320 | Contract Cost for Turbine Steam Seal System |
| \$898,800 | Contract cost for Control Room Installation General Work Contract (separate item on this agenda) |
| \$1,572,019 | Contract cost for Mechanical Installation General Work Contract (pending City Council approval of award for this agenda item) |
| \$3,145,149 | Contract cost for Electrical Installation General Work Contract (separate item on this agenda) |
| <u>\$98,560</u> | Contract cost for UPS System |
| \$16,132,068 | Costs committed to date for conversion |
| \$9,867,932 | Remaining Project Balance to cover miscellaneous equipment and modifications to the power plant needed for the fuel conversion |