

COUNCIL ACTION FORM

SUBJECT: POWER PLANT FUEL CONVERSION – AWARD OF ELECTRICAL 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 July 28, 2015, City Council approved preliminary plans and specifications for the Power Plant Fuel Conversion – Electrical Installation General Work Contract. **This specific phase of the conversion project is to hire a contractor to perform the electrical installation work.**

Bid documents for this project were issued to sixty-seven 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 three planrooms.

On September 9, 2015, three bids were received as shown below.

BIDDER	LUMP SUM BID PRICE
8760 Service Group, LLC Sedalia, MO	\$2,787,365.44
FPD Power Development, LLC Minneapolis, MN	\$3,145,149.00
ProEnergy Services, LLC Sedalia, MO	Non-responsive

The bid submitted by ProEnergy Services, LLC was non-responsive because they qualified their bid. They wrote on their bid that the "bid is only valid if ProEnergy is awarded Mechanical Installation".

City staff worked with our engineering firm, Sargent & Lundy (S&L), to perform a careful and extensive evaluation of the remaining two bids. In evaluating the apparent low bidder, 8760 Service Group, LLC several things stood out.

- 8760 is a mechanical contractor and not an electrical contractor.
- 8760 has limited power industry experience.

- All the firm's electric staff is new. The longest tenured staff member started in 2012, with most joining 8760 in 2015.
- There is concern about 8760's ability to perform a start up after the conversion is complete.
- Within the bid, 8760 omitted instrument calibration in their pricing/work scope and identified the pulling of fiber optic cable but neglected termination and testing.
- The bid excluded electrical transducers and shipping costs for instruments.
- 8760 took exception to several terms and conditions within the City's bid document.

In evaluating FPD and the bid they submitted, the following was noted.

- FPD took no exception to the terms and conditions outlined in the City's bid document.
- FPD is well known in the power industry for performing electrical work of this type and have performed many "coal to natural gas" conversion projects.
- The City's engineer, S&L, has had first-hand experience working with FPD from the construction phase through start up. S&L has found FPD's work to be of high quality.

City staff and S&L have concluded that awarding this contract to FPD Power Development, LLC, Minneapolis, MN in the amount of \$3,145,149 is in the best interest of the City.

The Engineer's estimate of the cost for this phase of the project was \$3,272,793. This expense 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 project budget and commitments to date are summarized on page 4.

ALTERNATIVES:

1. Award a contract to FPD Power Development, LLC, Minneapolis, MN for the Power Plant Fuel Conversion – Electrical Installation General Work Contract in the amount of \$3,145,149.
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 electrical work necessary to install the electrical equipment, including the work associated with the DCS upgrade and the electrical modifications to the control room.

For the reasons outlined above, City staff and the consulting engineer have concluded that awarding this contract to FPD Power Development, LLC, Minneapolis, MN in the amount of \$3,145,149.00 is in the best interest of Electric Services. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1.

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 (separate item on this agenda)
\$3,145,149	Contract cost for Electrical Installation General Work Contract (pending City Council approval of award for this agenda item)
\$98,560	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