ITEM # ___41__
DATE: 09-22-15

COUNCIL ACTION FORM

SUBJECT: POWER PLANT FUEL CONVERSION – AWARD OF CONTROL ROOM INSTALLATION 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 August 25, 2015, City Council approved preliminary plans and specifications for the Power Plant Fuel Conversion - Control Room Installation. **This specific phase of the conversion project is to hire a contractor to perform the control room installation work.**

Bid documents for this project were issued to twenty-three 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 two planrooms.

On September 16, 2015, two bids were received as shown below.

BIDDER	BASE	OPTION (fire alarm panel)
Henkel Construction Co. Mason City, IA	$893,000	$5,800
The Weitz Company Des Moines, IA	$1,270,000	No bid

City staff worked with our engineering firm, Sargent & Lundy (S&L), to perform a careful and extensive evaluation of the bids and determined that the apparent low bid submitted by Henkel Construction Co., Mason City, IA in the amount of $898,800, which included the optional fire alarm panel, is acceptable.

The Engineer's estimate of the cost for this phase of the project was $925,000. 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 3.

ALTERNATIVES:

1. Award a contract to Henkel Construction Company, Mason City, IA for the Power Plant Fuel Conversion - Control Room Installation Contract in the amount of $898,800.

2. Award a contract to The Weitz Company, Des Moines, IA for the Power Plant Fuel Conversion - Control Room Installation Contract in the amount of $1,270,000.

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 phase will provide for the expansion of the Power Plant's existing Control Room and provide for air conditioned space to hold the new Distributed Control System equipment. The expansion was necessary to allow for the installation of the new equipment while the plant operates under the old system; minimizing plant outage time.

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 (pending City Council approval of award for this agenda item)**
$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 (separate item on this agenda)
$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