

ITEM # 21
DATE January 8, 2008

COUNCIL ACTION FORM

SUBJECT: AWARD CONTRACT FOR SERVICE TO REHABILITATE WATER POLLUTION CONTROL PLANT PUMPS

BACKGROUND:

Currently, there are 14 pumps at the Water Pollution Control Plant, six in the Raw Water Pumping Station and eight in the Trickling Filter Pump Station. These Fairbanks Morse-brand pumps are 18 years old, and three of them have failed and are in need of repair. Two of the pumps are raw water pumps. The third pump is used to direct water to the primary clarifiers or the trickling filters, depending on plant operation. All 14 pumps are needed to maintain plant operation during high-flow periods, so repair work is necessary before spring rains begin.

No local firms were asked to provide a quotation for repair work on the pumps due to their large size and because Fairbanks Morse has a proprietary pump design. The only authorized Fairbanks Morse distributor in our geographic area is Zimmer & Francescon located in Moline, Illinois. Zimmer & Francescon was asked to inspect the pumps and assess the repairs needed. They provided an initial quotation for pump repairs based on a verbal description of the problem before the pumps were shipped to the Fairbanks Morse repair facility in Kansas City, KS. Upon inspection after receiving the pumps, Fairbanks Morse determined that the pumps needed significantly more work than originally anticipated by Zimmer & Francescon.

Because of the change in the scope of work being requested, Zimmer & Francescon recused themselves from the repair process and staff submitted a formal Request For Proposals directly to Fairbanks Morse. The RFP included the City's standard terms and conditions. The proposal received back from Fairbanks Morse took exception to a number of the City's terms and conditions, and substituted Fairbanks Morse's own standard language with terms much more favorable to themselves. Staff have discussed the proposed terms with Fairbanks Morse, and were able to obtain concessions on a number of the more problematic terms conditions. However, the contractor was unwilling to alter their Title and Lien Rights language.

Accepting the manufacturer's standard Title and Lien Rights language does present some degree of risk to the City. For example, under the proposed Title and Lien Rights clause the contractor could in theory retain possession or repossess the pumps for non-payment. **However, not proceeding with the necessary pump repairs comes with much more certain risks for the City.** With these pumps inoperable, the hydraulic

capacity of the Water Pollution Control Plant is reduced substantially. This reduced capacity will become problematic when the seasonally higher inflow and infiltration experienced in the springtime causes the plant flows to climb. If the pumps cannot be made operable by that time, sewer overflows and bypasses are a real possibility.

The total repair costs for all three pumps exceeds \$50,000. Under the city's Purchasing Policy, this level of work would normally require formal bids. Because of the specialized nature of the repair work and the lack of additional firms in the region able to complete the work, staff request the bidding requirements be waived and a single source be allowed for this project. **Even though the contract terms proposed by Fairbanks Morse are not favorable to the City, it is staff's belief that they are the most favorable terms that the City can obtain and still allow the work to be completed in a timely manner.**

As the pumps have aged, the maintenance staff have noticed that pump failures are occurring more frequently and in more severity. A new project is proposed in the CIP beginning FY 2008/09 and continuing for five years to begin replacing all 14 pumps, three at a time. The current plan is to begin design specifications this coming spring to consider all replacement options. Staff considered expediting this process to replace the broken pumps but do not feel a complete and timely design, bidding, delivery, and installation of new pumps could occur before springtime when having all pumps operational is important. It is the staff's intention that, once repaired, these pumps will be replaced toward the end of the CIP project to extend the investment of the repairs.

Funding for this unbudgeted repair is available from the WPC Plant Equipment CIP project, using funds originally allocated for the digester boiler project (\$200,000). The boiler project is on hold as staff evaluate the effectiveness of modified maintenance procedures that may make the boiler unnecessary.

ALTERNATIVES:

1. Waive bidding requirements and award contract to Fairbanks Morse of Kansas City, Missouri in the amount of \$74,697 for the repairs to three pumps for processing wastewater at the Water Pollution Control Plant and authorize the budget amendment as described above.
2. Do not accept the contract terms and conditions proposed by Fairbanks Morse. Direct staff to continue negotiating for improved contract terms.
3. Do not allow single-sourcing of repair work. Direct Water and Pollution Control Department staff to solicit formal, competitive bids from firms not authorized by the original equipment manufacturer to perform the work.

MANAGER'S RECOMMENDED ACTION:

Rehabilitation of the proprietary pumps is highly technical, and it is important that the repair work be performed correctly. Continued delays in repairs will jeopardize the city's ability to have all pumps operational before the spring rains and increase the potential for sewage backups. In addition, the manufacturer is the only one qualified to do this work within a reasonable geographic area.

Staff have determined that while not favorable to the City of Ames, the contract language submitted by Fairbanks Morse is the most favorable language that can be obtained. **The decision to move forward with awarding a contract in spite of the less than favorable terms is based on a balancing of risks. On one hand, there is a potential risk that the contractor could place a lien on the pumps, delaying their return. On the other hand there is a very real risk of sewer backups and property damage if the pumps cannot be returned to operation before high flows resume in the spring.**

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby allowing a single source to repair the three WPC Plant pumps and awarding the contract for repairs to Fairbanks Morse of Kansas City, Missouri in the amount of \$74,697 with the project to be funded from the delayed digester boiler CIP project.