

ITEM # 21
DATE June 10, 2008

COUNCIL ACTION FORM

SUBJECT: EXTEND THE BID DUE DATE FOR THE CITY OF AMES ELECTRIC SERVICES POWER PLANT NITROGEN OXIDE REDUCTION PROJECT

BACKGROUND:

This project is to furnish and install NO_x reduction equipment on Units 7 and 8 at the Power Plant. The equipment is designed to reduce emissions of nitrogen oxides (NO_x) in keeping with the USEPA Clean Air Interstate Rule (CAIR).

NO_x reduction projects for both Units 7 and 8 are currently budgeted for \$4,500,000 in capital over three fiscal years. The approved FY 2007/08 CIP budget includes \$300,000 for engineering services. Staff believes it will be fiscally advantageous to complete NO_x reduction systems on Units 7 and 8 in 2008/09, as the City will be responsible for purchasing allowances for excess NO_x emissions beginning on January 1, 2009. The goal of this project is to install equipment on Unit 7 in February 2009 and on Unit 8 in April 2009.

On April 22, 2008, City Council approved the preliminary plans and specifications for this project and set a bid due date of June 11, 2008, with June 24, 2008, as the date of hearing and award of contract.

Due to the size and complexity of this project and after hearing from numerous prospective contractors and suppliers, staff now believes it is in the City's best interest to allow additional time for information to be disseminated in regard to this project. Therefore staff recommends that the City Council extends the bid due date for all bidders to June 19, 2008, at 11:00 a.m. local time. Bids will still be reported to City Council on June 24, 2008.

ALTERNATIVES:

1. Extend the bid due date for the Electric Services Department Power Plant Nitrogen Oxide Control Project. Set June 19, 2008, as the bid due date and continue June 24, 2008, as the date of hearing and award of contract.
2. Do not change the bid due date at this time.

MANAGER'S RECOMMENDED ACTION:

It is essential for the Power Plant to maintain a positive environmental record in the community and to be in compliance with EPA mandated rules and regulations. It is also imperative to achieve this in the most cost effective way possible. By choosing alternative number one, staff believes additional information and additional time for bidders to consider information will be in the best interests of the City.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, extending the bid due date for the Electric Services Department Power Plant Nitrogen Oxide Control Project. Set June 19, 2008, as the bid due date and continue June 24, 2008, as the date of hearing and award of contract.