

COUNCIL ACTION FORM

SUBJECT: POWER PLANT UNIT 8 WATERWALL INSTALLATION

BACKGROUND:

On February 9, 2010, City Council approved preliminary plans and specifications for the Unit 8 Waterwall Installation at the City's Power Plant. This project will address tube wastage in Unit No. 8 boiler by replacing the waterwalls below the 165 feet and 150 feet elevations to the lower weld lines. The approved 2009/10 Capital Improvements Plan includes \$4,876,106 for Unit No. 8 waterwall tube materials purchase and installation.

On April 28, 2009, City Council approved the procurement of the waterwall material required for this project. The material has been, and continues to be, delivered to the Power Plant, at a cost (with change orders 1-4) of \$1,681,052. This next portion of the project is for the installation of the purchased material and the field application of AmStar 888c coating to the uncoated areas in the lower furnace.

Bid notices were sent to twenty-nine potential bidders. Twenty of the twenty-nine requested the bid documents to be issued to them. 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 one plan room. Fifteen bidders attended the pre-bid conference, and eight bids were received by the due date.

On March 10, 2010, bids were received as shown on the attached report. The apparent low bidder took many exceptions to the City of Ames Terms and Conditions which will need to be further evaluated by staff with consultation from the City's Legal Department. In addition, staff will need to further evaluate the apparent low bidder's bid in order to insure responsiveness to the bid specification. As a result, staff needs additional time to complete its evaluations before a recommendation can be made to Council.

The Engineer's estimated cost for the installation was \$3,575,000, which includes a contingency amount of \$260,000. Of the \$4,876,106 budgeted in the FY 2009/10 Capital Improvements Plan, \$3,142,492 remains in the current project budget for the completion of this work.

ALTERNATIVES:

1. Accept the report of bids and delay award for the Unit 8 Waterwall Installation Project.
2. Award a contract to the apparent low bidder, and direct staff to begin work on an acceptable contract which resolves the exceptions taken by the apparent low bidder.

MANAGER'S RECOMMENDED ACTION:

This project will address Unit No. 8 tube wastage by replacing the lower waterwalls in the Unit 8 boiler, and the material is on site. It is crucial to do the installation during the outage to minimize downtime for the Unit 8 boiler. However, it is also crucial to establish contracts that minimize the City's exposure to risk. By choosing alternative No. 1, staff will be able to have enough time to evaluate all the bids to determine which proposal would be in the City's best interest.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby accepting the report of bids and delaying award for the Unit 8 Waterwall Installation Project.