

COUNCIL ACTION FORM

SUBJECT: POWER PLANT PRECIPITATOR WIRE REPLACEMENT PROJECT

BACKGROUND:

This project is for the replacement of electrode wires in the front two fields in both 81 and 82 precipitator levels of the Power Plant. The precipitator creates a field of electric charge that collects the particulate matter (fly ash) from the flue gas as it passes through the device. The electrode wires in a precipitator are a consumable item and need to be replaced periodically to maintain the collection efficiency of the precipitator. The project will be completed during a maintenance shutdown scheduled for March or April of 2011. The Contractor will perform an inspection of the precipitator at the beginning of the shutdown, supply 2,578 wires (50 of the wires supplied will go directly into inventory), and install the wires.

City Council may recall this project originally went out for quotation in November 2009 and the results of that process were presented at the March, 23, 2010 Council meeting. The estimate for the project at that time was \$65,000. Since the estimate was significantly less than the \$100,000 formal bid threshold, staff solicited quotes through the competitive quotation process. After quotes were received and evaluated, the vendor which submitted the lowest quote in the amount of \$64,511.20 was determined to be non-responsive. As a result, the vendor which submitted the second lowest quote in the amount of \$99,344.00 was considered for the award of the project. However, the \$99,344.00 was very close to the \$100,000 dollar threshold for public improvements. In practical terms, any change order could have pushed the project into the legal requirement for a formal bid to have been done before the start of the project.

A public improvement project subject to the formal bid process is handled in a different manner from those projects which are issued out for quotation through the competitive quotation process. There are a few differences between these two competitive processes. Two of the main ones are: 1) Public improvement projects must be bid out through a formal process, while the competitive quotation process does not; and 2) **Public improvement project bidding requires that the plans and specifications must be prepared and certified by an engineer licensed by the State of Iowa, and City Council must approve them before a project could be awarded.** Staff was not confident that this project could avoid any change orders which could push the overall cost of the project beyond the \$100,000 bidding threshold. As a result, during the March 23, 2010 meeting, City Council directed staff to reject all the quotes received, and to proceed to bid this project through the issuance of a formal competitive sealed bid. The project presented this time to City Council is based on that directive and it will follow the aforementioned public improvement bidding process.

The current Engineer's estimate of the cost of the repair is \$132,000, which is significantly higher than the original estimate for this work. The approved FY 2010/2011 operating budget for the Power Plant contains \$90,000 for this project. Additional funds will be available for carry-over from the 2009/2010 budget in the Unit #8 Environmental Equipment budget. These funds were not spent during that year. The Council will be asked to approve an amendment to the 2010/2011 budget to provide for this carry-over at the appropriate time.

Upon City Council approval and receipt of favorable bids, this work would begin during the Spring 2011 outage. It is the goal to have this project complete by April 30, 2011.

ALTERNATIVES:

1. Approve the preliminary plans and specifications for the precipitator wire replacement and set September 15, 2010, as the bid due date and September 28, 2010, as the date of hearing and award of contract.
2. Delay the replacement of the precipitator wires.

MANAGER'S RECOMMENDED ACTION:

The replacement of wires in the precipitator is necessary to insure their reliable operation and to help prevent any equipment failures which could lead to extensive downtime and increased costs. Staff realizes that the estimate for this project has increased from last year when the project was originally sent out for quotations. However, failure to replace these wires negatively impacts removal of particulates from the Unit 8 exhaust. For the greatest level of environmental stewardship, the City should complete this wire replacement as soon as possible.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the preliminary plans and specifications for the precipitator wire replacement and set September 15, 2010, as the bid due date and September 28, 2010, as the date of hearing and award of contract.