

COUNCIL ACTION FORM

SUBJECT: AWARD OF CONTRACT FOR THE UNIT 8 STACK REPAIR

BACKGROUND:

On July 13, 2010, City Council approved preliminary plans and specifications for the Unit 8 Stack Repair, located at the Power Plant. The stack carries the exhaust combustion products from the boiler and disperses them at a safe height. This project will repair the cracked and broken liner in Unit No. 8 steel stack by replacing the gunite lining system in the top one-hundred feet of the stack. This will be done by removing the top 100 feet of refractory lining, preparing the surface and then installing a new spray-on lining. The liner is made of insulating material that protects the steel stack from the high gas temperatures. The steel stack will fail prematurely without an adequate liner.

Bid documents were issued to twenty potential bidders. 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.

On September 1, 2010, eight bids were received as shown on the attached report. Council should note that the bid document contained two alternatives on which bidder could submit a response, based on scheduling. The Base Bid was based on the project being completed during the Spring 2011 outage. The Option #1 bid was based on the project being completed during the Fall 2010 outage which is set to begin on October 1, 2010.

Electric Services staff reviewed the bids and determined that based on the bids submitted, the project could be awarded based on the Option # 1 Fall outage schedule. The bid submitted by Industrial Access was found to be non-responsive because its bid security was not in compliance with the bid document requirements. The bid security provided was in the form of a company check while the bid document requires that if the bid security is in the form of a check then it must be a "*cashier's or certified check drawn on a bank in Iowa or a bank chartered under the laws of the United States*".

Staff performed extensive evaluation of the apparent low bid in the amount of \$188,790 (exclusive of sales-tax for evaluation purposes only) submitted by Christensen Refractory. During the evaluation, staff contacted the references submitted with the bid and discovered that this bidder had never completed a major stack repair project. This bidder has historically (based on these references submitted) mostly performed refractory work on burners and ash hoppers. Based on the references, staff recommends that the apparent low bidder not be considered for this project because of its inexperience on projects of this scope that require specialized skill. Additionally, the work schedule that Christensen Refractory proposed in its bid exceeds the required work schedule as outlined in the bid document.

Staff has concluded that the apparent second low bid in the amount of \$191,400 submitted by Gerard Chimney Company, St. Louis, MO, is acceptable. Gerard Chimney Company is not licensed to collect sales taxes for the State of Iowa. The City of Ames would pay applicable Iowa Sales Taxes directly to the State of Iowa.

The Engineer's estimate of the cost of the repair is \$397,000. The approved FY 2010/2011 operating budget for the Power Plant contains \$350,000 for Unit No. 8 stack repair. A total of \$17,000 of this budgeted amount was used for the engineering portion of the project, and as a result \$333,000 remains to do the repair work. Sales taxes will amount to approximately \$13,400.

ALTERNATIVES:

1. Award a contract to Gerard Chimney Company, St. Louis, MO, for the Unit 8 Stack Repair in the amount of \$191,400, plus applicable sales taxes to be paid directly by the City of Ames to the State of Iowa.
2. Award contract to low bidder.
3. Reject all bids and delay the repair of the Unit 8 stack.

MANAGER'S RECOMMENDED ACTION:

This project will address the cracked and broken liner in the Unit #8 stack by replacing the upper 100 feet of liner. It is crucial to have this work done because the steel stack is at risk of failing prematurely due to the cracked liner. The Unit cannot operate without a functioning stack to transport the exhaust away from the boiler. By choosing the accelerated schedule, this repair can be completed without interference with boiler tube replacement work which will take place during the following unit outage, and requires an operable stack to maintain a safe work environment inside the boiler for the tube replacements.

Utilizing an inexperienced contractor significantly increases the risk of project delays, cost overruns and low quality results. Gerard Chimney Company: 1) has significant history of performing projects of this size and scope; 2) performed projects for the City in the past with great success; and 3) can meet the outage scheduled duration with the ability to proceed immediately upon notification.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby awarding a contract to Gerard Chimney Company, St. Louis, MO, for the Unit 8 Stack Repair in the amount of \$191,400, plus applicable sales taxes to be paid directly by the City of Ames to the State of Iowa.



**INVITATION TO BID NO. 2010-245
UNIT 8 STACK REPAIR**

BUDGET: \$333,000

BIDDER	BASE BID	SALES/USE TAXES INC.	EVAL. TOTAL *	OPTION # 1	SALES/USE TAXES INC.	EVAL TOTAL *
Christensen Refractory, Pisgah, IA	\$203,000.00	\$14,210.00	\$188,790.00	\$203,000.00	\$14,210.00	\$188,790.00
Gerard Chimney Company, St. Loius, MO	\$176,600.00	Not Licensed	\$176,600.00	\$191,400.00	Not Licensed	\$191,400.00
Johnson Western Gunit Company, San Leandro, CA	\$210,000.00	\$3,432.00	\$206,568.00	\$215,000.00	\$3,432.00	\$211,568.00
Plibrico Company LLC, Omaha, NE	\$267,874.23	\$17,265.50	\$250,608.73	\$279,929.39	\$18,042.50	\$261,886.89
R & P Industrial Chimney, Nicholasville, KY	\$263,849.00	\$7,042.00	\$256,807.00	\$279,106.00	\$7,042.00	\$272,064.00
Pullman Power, Kansas City, MO	\$288,500.00	\$4,772.00	\$283,728.00	\$298,650.00	\$4,853.00	\$293,797.00
Hamon Custodis, Brazil, IN	\$339,803.00	\$3,649.00	\$336,154.00	\$350,236.00	\$3,649.00	\$346,587.00
Industrial Access, Alpharetta, GA	Non-Responsive					

*** Evaluated Total is less all applicable taxes to insure fair evaluation of prices since one bidder is not licensed to collect taxes.**