

COUNCIL ACTION FORM

SUBJECT: CANCELLATION OF UNIT 8 COOLING TOWER MAINTENANCE BID

BACKGROUND:

On January 11, 2011, City Council approved preliminary plans and specifications for the Unit 8 Cooling Tower Maintenance, located at the Power Plant. This project is for the repair and replacement of the internal and structural components of the main Power Plant cooling towers. These towers have deteriorated from erosion and decay due to near continuous operation. Cooling towers are used to cool the water that condenses the steam into water after power is generated in the steam turbine. This project is crucial because the Power Plant turbines cannot operate without functioning cooling towers. Deficient cooling tower operation directly effects power production and lowers Plant operating efficiency.

City Council may recall that after approval and receipt of favorable bids, this work was scheduled to begin during the Unit #8 spring 2011 outage. This outage is scheduled to begin April 1, 2011. It was the goal to have this project completed by May 15. This project may require some form or assurance of regulatory approval prior to commencing work. Staff is currently corresponding and working with the regulatory agencies to determine what approvals may be necessary to commence work. Unfortunately, due to that delay there will not be enough time available to allow the repairs on Unit 8 cooling tower to be completed in the 2011 spring outage. As a result, **staff recommends that the Unit 8 Cooling Tower bid be cancelled until the regulatory issues are clarified.**

ALTERNATIVES:

1. a. Approve the cancellation of the Unit 8 Cooling Tower Maintenance bid.

 b. Authorize staff to reissue bids as soon as all applicable regulatory issues have been resolved.
2. Do not approve the cancellation of the Unit 8 cooling tower maintenance bid.

MANAGER'S RECOMMENDED ACTION:

This project is necessary to maintain the integrity and efficiency of the Unit #8 cooling towers. However, in order to commence work on this project, we must wait until the regulatory issues have been clarified and resolved for this work. It is recommended to cancel the bids for this project and postpone this project until such time that the regulatory requirements are known, or necessary approvals are in place.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the cancellation of the Unit 8 Cooling Tower Maintenance bid and authorizing the reissuance of bids at a later date.