

COUNCIL ACTION FORM

SUBJECT: POWER PLANT UNIT 8 AIR HEATER BASKET REPLACEMENTS

BACKGROUND:

On September 13, 2011, City Council approved preliminary plans and specifications for Power Plant Unit 8 Air Heater Basket Replacement. This project involves the purchase and installation of basket and associated materials that need to be replaced in the regenerative air heaters on Unit 8.

Bid documents were issued to eight 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.

On October 12, 2011, two bids were received as shown below:

Alstom Power, Inc., Wellsville, NY	\$95,962
Tesla Energy Solutions, LLC, Wildomar, CA	Non-Responsive

After their evaluation, staff determined that the bid submitted by Tesla Energy Solutions is non-responsive. The non-responsiveness of the proposal was based on (1) the firm provided pricing on components of the air heater only and not on the air heater itself, and (2) the firm not providing bid security with its bid.

As a result, only one bid remains – that being from Alstom Power, Inc., Wellsville, NY, in the amount of \$95,962 (inclusive of sales-tax). Alstom Power, Inc., submitted additional terms and conditions as part of the bid. **Due to the additional terms, staff needs additional time to review those terms before a recommendation can be made to Council. The review will ensure that the added conditions do not pose any unnecessary risk to the City.**

ALTERNATIVES:

1. Accept the report of bids and delay award for the Unit 8 Air Heater Baskets.
2. Award a contract to the apparent low bid.
3. Reject both bids and direct staff to rebid.

MANAGER'S RECOMMENDED ACTION:

Air heater baskets are subject to long term corrosion due to exhaust gas and operating conditions. Periodic replacement is required in order to maintain operability and high

efficiency. As is noted above, poorly maintained air heater baskets increase costs for the utility, and there is a significant risk of damage to the downstream fans, ductwork and stacks.

By choosing alternative No. 1, staff will have enough time to evaluate the submitted terms and conditions to ensure there is minimal risk posed to the City. 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 Air Heater Baskets.