

**COUNCIL ACTION FORM**

**SUBJECT:**           **POWER PLANT UNIT 8 STEAM TURBINE PARTS**

**BACKGROUND:**

On August 14, 2012, City Council approved preliminary plans and specifications for the Unit 8 Steam Turbine Parts. This project is for the procurement of critical and miscellaneous parts for the Power Plant's Unit #8 turbine-generator. This unit is scheduled to be disassembled and inspected after over 27,000 hours of operation during the spring 2013 outage. This work is required to replace worn parts and inspect the turbine and generator for repairs that may be needed to avoid more serious damage. Repairs and replacement of worn parts will be completed as the inspection progresses. Experience has shown that certain parts require replacement every outage and some parts become unusable during the disassembly process.

Bid documents were issued to eleven 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 two plan rooms.

On September 26, 2012, six bids were received as shown below:

<b>BIDDER</b>	<b>BID PRICE</b>
<b>ARGO Turboserve Corporation, Lyndhurst, NJ</b>	<b>\$526,086.90 (Inclusive of sales-tax) plus freight</b>
Turbo Parts LLC, Clifton Park, NY	Non-Responsive
Fajon Machining, Inc., Phoenix, AZ	Non-Responsive
Action Turbine Repair Service, Summit, IL	Non-Responsive
Turbocare, Inc., Chicopee, MA	Non-Responsive
Energy Parts Solutions, Inc., Schaumburg, IL	Non-Responsive

After the initial evaluation, staff determined that the bids submitted by Turbocare, Inc., and Energy Parts Solutions, Inc. were both non-responsive. The reason they were non-responsive was due to bid security not submitted along with their bids.

After the further evaluation on the remaining bids, staff determined that the bids

submitted by Turbo Parts LLC, Fajon Machining, Inc., and Action Turbine Repair Service were also all non-responsive.

Each of these bidders was found to be non-responsive because each one did not meet all of the requirements of the additional supporting documentation that each must provide since they are offering non-OEM parts.

*The bidding document states that “bidders shall submit the following for any alternatives to the original OEM part specifications specified in division 1 of the Technical Specifications: a. weight, b. materials of fabrication, c. description of manufacturing processes used for all items if not supplied by the OEM, d. description of source of dimensional, and materials information for all items if not supplied by the OEM, e. schedules for drawing Submittals, manufacturing, and testing, f. factory tests and quality assurance practices, and g. experience list of similar steam turbine/generator parts if different from original or not supplied by OEM. Reference list with contact information must be provided.”*

**As a result only one responsive bid was received. Staff has reviewed and concluded that the remaining bid submitted by ARGO Turboserve Corporation, Lyndhurst, NJ, in the amount of \$526,086.90 (inclusive of sales-tax) plus freight is acceptable.**

**City Council should note that ARGO Turboserve Corporation is the original equipment parts supplier for the Power Plant’s General Electric turbine-generator. The parts they bid are genuine General Electric (GE) parts either made by GE or an approved supplier who makes parts that meet all of GE’s quality requirements. Since these are GE approved parts, staff believes these parts will meet our performance needs. In addition staff’s experience with parts from third part suppliers have been less than satisfactory with poor part fit and pre-mature wear and failure.**

The engineer’s estimate for anticipated parts is \$533,000 based on preliminary quotes received from General Electric, the turbine supplier. The approved FY 2012/13 Budget includes \$2,000,000 for parts in the Unit #8 Blading and Diaphragm/Parts project associated with the Unit #8 Turbine Generator Overhaul.

**ALTERNATIVES:**

1. Award a contract to ARGO Turboserve Corporation, Lyndhurst, NJ, for the Unit 8 Steam Turbine Parts in the amount of \$526,086.90 (inclusive of sales-tax) plus freight. The City will reimburse the contractor for the actual delivery costs.
2. Reject all bids and cancel the Unit 8 Turbine overhaul.

**MANAGER'S RECOMMENDED ACTION:**

The Unit 8 Turbine-Generator is scheduled for a major overhaul starting in the spring of 2013. Turbine-generator overhauls are typically performed in the industry about every five years to restore unit efficiency and to maintain good unit life and reliability. These are parts that will most likely be needed for the overhaul and can also be placed in inventory. Without this overhaul, the Power Plant's performance would degrade considerably over time and the risk of a failure shutting down the facility increases dramatically.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.