

COUNCIL ACTION FORM

SUBJECT: POWER PLANT UNIT #7 STEAM COIL AIR HEATER

BACKGROUND:

Steam coil air heaters are used to heat the incoming combustion air at the City's Power Plant. This bid is for the purchase of a complete steam coil assembly that will directly replace an existing air heater on the Unit #7 boiler.

On August 26, 2013, an invitation to bid document was issued to fourteen firms. The invitation was advertised on the Current Bid Opportunities section of the Purchasing webpage, and was also sent to two plan rooms.

On September 12, 2013, three bids were received as shown on the attached report.

The bid document contained three options based on type of material for which vendors could provide bids. Option 1 required stainless steel tubes and copper fins. Option 2 required copper tubes and either copper or aluminum fins. Option 3 required carbon steel tubes and aluminum fins. This allowed staff to compare quality of product material and cost.

Staff has reviewed the bids and concluded that the apparent low bid for Option 1 submitted by Advanced Coil Technology, LLC, Owatonna, MN, in the amount of \$58,500 is the best alternative. Staff is recommending the higher priced Option 1 because it is made of stainless steel and is corrosion resistant, and will therefore last longer and exhibit superior heat transfer. It is believed that these benefits outweigh the minimal savings if we were to select the copper or carbon steel options.

Funding is available in the approved FY2013/14 Electric Production operating budget, which contains \$63,000 for this project. The City will pay applicable Iowa sales taxes directly to the State.

ALTERNATIVES:

1. Award a contract to Advanced Coil Technology, LLC, Owatonna, MN, for the purchase of Unit 7# Steam Coil Air Heaters in the amount of \$58,500, with applicable sales taxes to be paid directly by the City to the State of Iowa.
2. Award a contract to the lowest bidder for either the copper or carbon steel options.
3. Reject all bids and delay the purchase of Unit 7 steam coil air heaters.

MANAGER'S RECOMMENDED ACTION:

The purchase of this assembly is critical because the original boiler design requires heated air to improve combustion. Staff believes that best long-term value to the City will be to utilize the stainless steel option. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.



**INVITATION TO BID 2014-039
UNIT 7 STEAM COIL AIR HEATER BID SUMMARY**

Option 1: Stainless Steel Tubes and Copper Fins as Specified

BIDDER	BID PRICE* (LESS APPLICABLE SALES TAX)	OVERALL BID PRICE**
Advanced Coil Technology, LLC Owatonna, MN	\$58,500.00	\$62,532.00
Surefin Coils, LLC Fort Mill, SC	\$84,360.00	\$90,265.20
Pingel Exchanger Service, Inc. Pevely, MO	\$85,344.00	\$91,220.08

Option 2: Copper Tubes and Copper or Aluminum Ribbon Fins

Surefin Coils, LLC Fort Mill, SC	\$55,696.00	\$59,594.72
Pingel Exchanger Service, Inc. Pevely, MO	\$64,296.00	\$68,698.72
Advanced Coil Technology, LLC Owatonna, MN	No Bid	

Option 3: 12 Gauge Carbon Steel Tubes and Aluminum Ribbon Fins

Advanced Coil Technology, LLC Owatonna, MN	\$33,700.00	\$35,996.00
Pingel Exchanger Service, Inc. Pevely, MO	\$75,872.00	\$81,085.04
Surefin Coils, LLC Fort Mill, SC	No Bid	

* This column included since two of the bidders are not licensed to collect sales-tax.

** This includes applicable sales-tax to be paid by the Bidder or from the City directly to the State of Iowa.