

COUNCIL ACTION FORM

SUBJECT: SPRING 2014 POWER PLANT BOILER REPAIRS

BACKGROUND:

On October 22, 2013, City Council approved preliminary plans and specifications for the Spring 2014 Boiler Repairs. This project is for labor and materials for replacement of the primary superheater attemperator, disassembly/reassembly of the boiler ash grates, replacement of the boiler water seal box/trough and box/trough seal plates, ash grate shafts and bearings, ash hopper refractory, undergrate air metal bellows expansion joint, and designated undergrate air ductwork. Purchase of the attemperator itself was approved by Council on Oct. 8, 2013.

Bid documents were issued to fifteen firms. 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 three plan rooms. **The engineer's estimated cost for this project (labor and materials other than the attemperator) is \$461,000.**

On November 27, 2013, four bids were received as shown on the attached report. Staff reviewed the bids and concluded that the apparent low base bid submitted by ProEnergy Services, LLC, Sedalia, MO, in the amount of \$331,069.50, plus applicable sales taxes, is acceptable. Since this vendor is not licensed to collect sales taxes for the State of Iowa, the City would pay applicable Iowa Sales Taxes directly to the State.

Council should note that ProEnergy Services did not supply not-to-exceed time and material prices for the any of the options listed. These options were engineered and specified so that various additional repairs could be carried out if the need is identified after the boiler is opened up. Should any of the optional services be needed, staff will initiate change orders for the added work based upon ProEnergy's assessment of the needed time and materials. The City and ProEnergy have a separate agreement for routine and emergency boiler work that covers the various trade rates for this optional work. Those hourly rates are significantly lower than those of the other three bidders on this project. Staff feels assured that any optional work performed by ProEnergy will be at a lower cost than the other bidders.

Funding for this work is available in the approved FY2013/14 Electric Production operating budget, which contains \$475,000 in the Unit #8 Boiler Maintenance account.

ALTERNATIVES:

1. Award a contract to ProEnergy Services, LLC, Sedalia, MO, for the Spring 2014 Boiler Repairs in the amount of \$331,069.50 plus applicable sales taxes to be paid directly by the City to the State of Iowa.
2. Reject all bids, which would delay the boiler work and risk turbine damage, as well as unreliable and potentially unsafe boiler operation.

MANAGER'S RECOMMENDED ACTION:

This budgeted boiler work is needed to continue Unit #8 operation without unnecessary risk of serious equipment damage. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.



BID SUMMARY FOR 2014-071 SPRING 2014 UNIT 8 BOILER REPAIRS

BIDDER:	ProEnergy Services, LLC Sedalia, MO	Plibrico Company LLC Omaha, NE	Industry Services Co., Inc Theodore, AL	AZCO, Inc Menasha, WI
BASE	\$331,069.50	\$649,435.00	\$605,100.00	\$1,470,583.00
SALES/USE TAXES INC.	Not licensed to collect IA sales tax	\$9,037.00	Not licensed to collect IA sales tax	\$3,940.00
OPTION 1	Invoiced at extra work rates	\$32,000.00	\$25,700.00	\$32,572.00
OPTION 2	Invoiced at extra work rates	\$28,000.00	\$20,100.00	\$10,785.00
OPTION 3	Invoiced at extra work rates	\$89,000.00	\$70,500.00	\$65,958.00
OPTION 4	Invoiced at extra work rates	\$8,000.00	\$125,500.00	\$7,353.00
OPTION 5	Invoiced at extra work rates	\$26,000.00	\$10,200.00	\$21,266.00