

**COUNCIL ACTION FORM**

**SUBJECT:**      **POWER PLANT STEAM TURBINE UNIT 7 PARTS PROCUREMENT**

**BACKGROUND:**

This project is for the procurement of critical and miscellaneous parts for the Power Plant's Unit 7 Turbine-Generator Overhaul project. This unit is scheduled to be disassembled, inspected, and repaired at the same time as the Unit 7 Boiler Repair Project being performed this year. These parts were first bid in early March when three non-responsive bids were received. On March 26, 2019, Council rejected the non-responsive bids and approved preliminary plans and specifications for purchase of Unit 7 Steam Turbine Parts with a bid due date of April 16, 2019. The three bidders on the first bid were notified of the non-responsive issues in these bids.

This work is required to replace worn parts found during the inspection of the turbine and generator. Repairs and replacement of worn parts will be completed as the inspection progresses. Experience has shown that certain parts require replacement every major overhaul and some parts become unusable during the disassembly process. This overhaul and parts replacement is required and recommended by boiler and machinery insurance carriers and follows accepted industry standards.

**This portion of the project is for the purchase and delivery of turbine parts required to replenish inventory items and parts expected to be used during the overhaul.**

Bid documents were issued to 23 firms and four plan rooms. The bid was advertised on the Current Bid Opportunities section of the Purchasing webpage and a Legal Notice was published on the websites of a contractor plan room service with statewide circulation and the Iowa League of Cities.

On April 16, 2019, four bids were received. Two of the bids were determined to be non-responsive. The two responsive bids are shown on the attached report.

The Progress Group Schererville IN	Not responsive
Steam Turbine Alternative Resources, Inc. (STAR) Marion OH	Not responsive
Argo Turboserve Corporation Rutherford NJ	See attached report
Mechanical Dynamics & Analysis LLC Clifton Park NY	See attached report

The engineer's estimate for anticipated parts was \$515,000 based on preliminary quotes received from General Electric, the turbine-generator original equipment manufacturer (OEM).

The approved FY 2018/19 Capital Improvements Plan includes the following funding for the Unit 7 Turbine Generator Overhaul.

2017/18 Engineering/Parts	\$750,000
2018/19 Labor	\$1,500,000
2018/19 GE Tech Support	<u>\$300,000</u>
<b>TOTAL</b>	<b>\$2,550,000</b>

Staff is reviewing the bids and has sought documentation from the low bidder that the parts offered meet GE specifications for manufacturing, tolerances, metallurgy and other factors. That documentation has not yet been received.

**ALTERNATIVES:**

1. Accept the report of bids for Power Plant Unit 7 Steam Turbine Parts and delay award until staff is able to determine whether the low bidder is offering parts that fully meet GE specifications.
2. Reject all bids and delay purchase of steam turbine parts.

**CITY MANAGER'S RECOMMENDED ACTION:**

These parts that are being solicited will most likely be needed for the Power Plant's Unit 7 Turbine-Generator Overhaul project and can also be placed in inventory. It is necessary to determine that parts meet GE specifications before awarding a contract.

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