

COUNCIL ACTION FORM

**SUBJECT: RESCIND CONTRACT AWARD TO ACTION TURBINE
REPAIR SERVICE FOR POWER PLANT UNIT 8
STEAM TURBINE PARTS PROCUREMENT**

BACKGROUND:

On April 29, 2020, four responsive and one non-responsive bids were received for the parts procurement for the Power Plant Unit 8 Steam Turbine Parts Procurement. This procurement is for the purchase and delivery of turbine parts required to replenish inventory items and parts expected to be used during the overhaul of the Unit 8 turbine.

On July 14, 2020 Council awarded four contracts for the Unit 8 steam turbine parts procurement. Awards were made to the contractors based on which had the best price for each required part. One of the contracts was awarded to Action Turbine Repair Service in the amount of \$39,160.00. The contract and bond were approved at the July 28, 2020 meeting. **On July 30, 2020 the company withdrew its bid with no explanation other than it could not fulfill the contract requirements.**

Due to the withdrawal of Action Turbine Repair Service, staff determined the next low bidder for each of the items that were to be purchased from Action Turbine Repair Services. These items will be purchased by completing a change order with each of the other three vendors. Staff estimates that the total cost of the parts to be divided among the other vendors will be \$52,841.55. This is a net increase of \$13,681.55 compared to the original bid from Action Turbine Repair Service. The actual amounts to be paid to the other vendors may vary slightly depending on the final division of parts among the vendors.

ALTERNATIVES:

1. a. Rescind Resolution No. 20-374 for approving final plans, specifications and form of contract and awarding a contract for the construction of Power Plant Steam Turbine No. 8 Parts Procurement and Resolution No. 20-406 for approving Contract and Bond for Construction of Power Plant Unit 8 Steam Turbine Parts Procurement to Action Turbine Repair Service.
- b. Direct staff to purchase the parts originally intended to be purchased from Action Turbine Repair Service from the next low bidders. These purchases will be completed through change orders, which will be at the staff level of approval.
2. Direct staff to rebid the parts that will no longer be provided by Action Turbine Repair Services.

CITY MANAGER'S RECOMMENDED ACTION:

The parts originally intended to be provided by Action Turbine Repair Service are critical components for the Unit 8 turbine overhaul project. This vendor is no longer willing to provide these parts, and the parts can be obtained from other bidders at prices that are acceptable to City staff.

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