

ITEM: 17
DATE: 09-12-23
DEPT: Electric

COUNCIL ACTION FORM

**SUBJECT: WAIVE PURCHASING POLICIES AND AWARD UNIT 7
ELECTROSTATIC PRECIPITATOR ENCLOSURE**

BACKGROUND:

Flue gases from the Power Plant's boilers pass through electrostatic precipitators to remove particulate ash before the flue gas is exhausted to the outside air. The bottom of the Unit 7 precipitator is open to the outside. During cold weather, the fly ash in the hoppers and transport lines can fall below the dewpoint temperature and create plugging. The plugs cause operation and maintenance challenges for staff. The lines typically plug when it is very cold, which creates a difficult environment for staff to work in and manually unplug the lines.

The Power Plant issued a request for bids for a project to enclose this portion of the precipitator in September 2022. There were no bidders, although several contractors visited the site. Staff reached out after the failed bid to get feedback on the project and was told it was a complicated project, there were difficulties locating material, and it would cost more than the \$110,000 budgeted. In June 2023, Power Plant staff asked the contractor that held the plant maintenance contract for a quote to complete the work and the estimate was more than \$270,000.

The Power Plant is currently finishing a separate CIP project installing insulation and lagging on the Unit 8 precipitator. The contractor performing the work is Incorp Industries. The lagging material that is being installed on the Unit 8 Precipitator is similar to what is needed to enclose the open area on Unit 7. Staff asked Incorp for a quote to enclose three of the sides on the Unit 7 precipitator. Because the fourth side includes a rollup access door, this portion will be completed at a later time.

Incorp proposed a cost of \$64,500 to enclose the three sides. Incorp specializes in this type of construction and material installation and is currently on site, which is likely why it can perform the work at considerably lower cost.

The Capital Improvements Plan includes a project for Power Plant Unit 7 Precipitator Enclosure. The FY 2022/23 budget includes \$110,000 for the project. The engineering work has been completed by Electric Department staff, so the entire project budget is available for construction expenses.

Awarding a contract to Incorp for this work will require a waiver of Purchasing Policies and Procedure requirements for competitive bidding. It is important to note that although normally this work would be awarded through competitive

bidding, the City's Purchasing Division has determined that it is acceptable to waive the requirement since bids were solicited previously, the project did not receive any interest, and Incorp's proposed cost is an obvious value compared with other estimates to complete this work.

Additionally, staff has been satisfied with the work Incorp Industries performed the Unit 8 precipitator project, and can verify that Incorp is a responsible contractor. Incorp would be completing this Unit 7 precipitator enclosure contract under the same contract terms and conditions that were used for the Unit 8 project, which staff has already determined to be acceptable.

ALTERNATIVES:

1. a. Waive the City's purchasing policy requirement for formal bidding procedures for Unit 7 Electrostatic Precipitator Enclosure for the Power Plant
- b. Award a contract to Incorp Industries LLC, Evansville, IN, in the amount of \$64,500 (inclusive of sales tax).
2. Do not approve and direct staff to solicit bids for these repairs.

CITY MANAGER'S RECOMMENDED ACTION:

The work is a planned project in the current CIP. Staff has identified a fiscally responsible way to complete the work and provide a safer working environment. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1 as stated above.