



# City of Grand Island

Tuesday, May 25, 2021

Council Session

## Item G-5

**#2021-116 - Approving Bid Award - Gas Turbine #2 Lube Oil Replacement**

Staff Contact: Tim Luchsinger, Stacy Nonhof

# Council Agenda Memo

**From:** Timothy G. Luchsinger, Utilities Director  
Stacy Nonhof, Interim City Attorney

**Meeting Date:** May 25, 2021

**Subject:** Gas Turbine 2 Lube Oil Replacement

**Presenter(s):** Timothy G. Luchsinger, Utilities Director

## Background

Burdick Generating Station commissioned two simple cycle General Electric 6B combustion turbine electric generating units in 2003 that burn natural gas as their primary fuel. They are also capable of consuming No. 2 distillate oil as a secondary fuel which has made them a reliable source of peaking power for the City of Grand Island. The lube oil system in a General Electric Frame 6B is considered a critical system since the lube oil is used as the working fluid in the hydraulic control system. Contaminated or deteriorated lube oil can cause damage to the bearings and decrease reliability. Due to the service life of the oil, plant staff solicited bids to flush the lube oil circuits and replace the existing lube oil fluids.

## Discussion

Specifications for the Gas Turbine 2 Lube Oil Replacement were advertised and issued for bid in accordance with the City Purchasing Code. Bids were publicly opened on May 11, 2021. The engineer's estimate for this project was \$200,000.00.

| Bidder  | Bid Price    | Adjusted Bid Price |
|---|--------------|--------------------|
| Allied Oil & Supply, Inc.<br>Omaha, Nebraska                            | \$ 83,485.57 | N/A                |
| Sapp Bros., Inc.<br>Grand Island, Nebraska                              | \$186,011.34 | \$186,011.34       |
| Oil Filtration Systems, LLC<br>Boerne, Texas                            | \$250,000.00 | \$207,640.25       |
| Elden Consulting & Industrial Services, LLC<br>Newfields, New Hampshire | \$256,655.00 | \$256,655.00       |

Bids were reviewed by plant engineering staff and exceptions were noted on all bids. The bid supplied by Allied Oil & Supply, Inc., is not in compliance with the bid specification. Allied Oil & Supply, Inc., quoted the oil procurement and disposal on a per gallon basis,

making the bid appear significantly cheaper than the competitors. The bid data form provided by Allied Oil, Inc., did not correspond to the bid documentation provided by Allied Oil, Inc., so the bid could not be equally compared to the other competitive bids. The oil quoted by Allied Oil, Inc., did not meet the requirements of the specification in load carrying capacity and density.

The bid from Sapp Bros., Inc., provides a better suited varnish prevention additive in Mobil DTE 932 for the critical system applications found in the General Electric Frame 6B combustion turbine. The bid from Sapp Bros. Petroleum, Inc., was otherwise found compliant with the specifications and less than the engineer's estimate.

### **Alternatives**

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

### **Recommendation**

City Administration recommends that Council award the Contract for the Gas Turbine 2 Lube Oil Replacement to Sapp Bros., Inc., of Grand Island, Nebraska, as the low responsive bidder, with the bid in the amount of \$186,011.34.

### **Sample Motion**

Move to approve the bid in the amount of \$186,011.34 from Sapp Bros., Inc., for the Gas Turbine 2 Lube Oil Replacement.



Stacy Nonhof, Purchasing Agent

*Working Together for a  
Better Tomorrow, Today*

**BID OPENING**

**BID OPENING DATE:** May 11, 2021 at 2:00 p.m.  
**FOR:** Gas Turbine 2 Lube Oil Replacement  
**DEPARTMENT:** Utilities  
**ESTIMATE:** \$200,000.00  
**FUND/ACCOUNT:** 520  
**PUBLICATION DATE:** April 22, 2021  
**NO. POTENTIAL BIDDERS:** 3

**SUMMARY**

|                         |  |   |
|-------------------------|--|---|
| <b>Bidder:</b>          | <b><u>Sapp Bros Petroleum</u></b><br>Grand Island, NE                      | <b><u>Allied Oil &amp; Supply</u></b><br>Omaha, NE      |
| <b>Bid Security:</b>    | Cashiers check   | Cashier check   |
| <b>Exceptions:</b>      | Noted  | Noted (*)   |
| <b>Bid Price:</b>       |  |   |
| <b>Oil Replacement:</b> | \$135,269.90   | \$ 77,661.00  |
| <b>Varnish Flush:</b>   | \$ 37,763.90   | *\$ 52,445.30   |
| <b>Labor:</b>           | Included   | \$ 7,340.00   |
| <b>Sales Tax:</b>       | <u>\$ 12,977.54</u>  | <u>\$ 5,824.57</u>                                      |
| <b>Total Bid:</b>       | \$186,011.34   | \$143,270.87 (corrected)                                |
| <b>Bidder:</b>          | <b><u>Edlen Consulting &amp; Industrial Services</u></b><br>Newsfields, NH | <b><u>Oil Filtration Systems, LLC</u></b><br>Boerne, TX |
| <b>Bid Security:</b>    | Arch Insurance Company   | Western Surety Company                                  |
| <b>Exceptions:</b>      | Noted  | Noted   |
| <b>Bid Price:</b>       |  |   |
| <b>Oil Replacement:</b> | \$139,671.00   | \$160,750.25  |
| <b>Varnish Flush:</b>   | \$ 26,928.00   | \$ 7,500.00   |
| <b>Labor:</b>           | \$102,508.00   | \$ 63,000.00  |
| <b>Sales Tax:</b>       | <u>\$ 7,080.00</u>   | <u>\$ 17,343.75</u>                                     |
| <b>Total Bid:</b>       | \$256,655.00   | \$250,000.00  |

cc: Tim Luchsinger, Utilities Director  
Jerry Janulewicz, City Administrator  
Stacy Nonhof, Purchasing Agent  
Karen Nagel, Utilities Secretary

Pat Gericke, Utilities Admin. Assist.  
Patrick Brown, Finance Director  
Tylor Robinson, Production Engineer

**P2274**

RESOLUTION 2021-116

WHEREAS, the City of Grand Island invited sealed bids for Gas Turbine #2 Lube Oil Replacement, according to plans and specifications on file with the Utilities Department; and

WHEREAS, on May 11, 2021, bids were received, opened and reviewed; and

WHEREAS, Sapp Bros., Inc., of Grand Island, Nebraska submitted a bid in accordance with the terms of the advertisement of bids and plans and specifications and all other statutory requirements contained therein, such bid being in the amount of \$186,011.34; and

WHEREAS, the bid of Sapp Bros., Inc., is less than the estimate for Gas Turbine #2 Lube Oil Replacement.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the bid of Sapp Bros., Inc., in the amount of \$186,011.34 for Gas Turbine #2 Lube Oil Replacement, is hereby approved as the lowest responsible bid.

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Adopted by the City Council of the City of Grand Island, Nebraska, May 25, 2021.

\_\_\_\_\_  
Roger G. Steele, Mayor

Attest:

\_\_\_\_\_  
RaNae Edwards, City Clerk

|                     |                 |
|---------------------|-----------------|
| Approved as to Form | ☒ _____         |
| May 21, 2021        | ☒ City Attorney |