



# City of Grand Island

Tuesday, September 28, 2004

Council Session

## Item G5

**#2004-237 - Approving Sole Source Bid Award for Fuel Oil  
Facilities Upgrade Project for Burdick and Platte Generating  
Stations**

Staff Contact: Gary R. Mader; Dale Shotkoski

# **Council Agenda Memo**

**From:** Gary R. Mader, Utilities Director  
Dale Shotkoski, Asst. City Attorney/Purchasing

**Meeting:** September 28, 2004

**Subject:** Fuel Oil Facilities Upgrade Project  
Sole Source Contractor – Burdick and Platte Generating Stations

**Item #'s:** G-5

**Presenter(s):** Gary R. Mader, Utilities Director

## **Background**

The Burdick and Platte Generating Stations have recently been affected by revised federal regulations regarding the construction of fuel oil storage and handling areas to prevent environmental impact as a result of spills or leaks. Black and Veatch Engineers were contacted by the City to evaluate these areas. Their review indicated that construction of new containment berms, installation of synthetic and concrete liners, and new fuel dispensing equipment was required within the next year. Specifications for this project were developed and issued for bids in accordance with City procurement requirements. The engineer's estimate, based on experience with past similar projects, was \$600,000. One bid was received, from Diamond Engineering for \$833,000.

## **Discussion**

It is the plant staff's opinion that due to current market demand, (Heartland Events Center, St. Francis Hospital, Super Wal-Marts) the services of a construction contractor, especially if earth moving is required, are at a premium. The situation of a single bid substantially larger than the estimate has also been recently encountered with projects at the City's well field and landfill. City Code allows a contract to be awarded without competition when, after advertising, the Council determines that there is only one source for a project. The City may then conduct negotiations as to the price, delivery, and terms with the contractor as the basis for the contract. To enable this project to be completed, the options appear to be either negotiating with Diamond Engineering on issues that caused a large discrepancy between the bid price and the estimate, or reissue the specifications. Reissuing the specifications could obtain a lower bid price, however, also

poses the risk of either a higher bid price, or no bids at all, along with incurring additional consultant costs and possibly affecting compliance with regulatory deadlines. Due to the uncertainties of reissuing the specifications, the Utilities Department recommends that the Council declare Diamond Engineering as the sole source contractor for the Fuel Oil Facilities Upgrade Project and authorize City staff to conduct negotiations with Diamond for a contract to be submitted to Council for approval.

### **Alternatives**

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

1. Approve the Resolution for the declaration of Diamond Engineering as the sole source contractor for the Fuel Oil Facilities Upgrade Project.
2. Deny the Resolution for the declaration of Diamond Engineering as the sole source contractor for the Fuel Oil Facilities Upgrade Project.
3. Table the issue.

### **Recommendation**

The Utilities Department recommends that the Council declare Diamond Engineering as the sole source contractor for the Fuel Oil Facilities Upgrade Project and authorize City staff to conduct negotiations with Diamond for a contract to be submitted to Council for approval.

### **Sample Motion**

Approve the Resolution for declaration of Diamond Engineering as the sole source contractor for the Fuel Oil Facilities Upgrade Project.

*Purchasing Division of Legal Department*  
**INTEROFFICE MEMORANDUM**



Dale M. Shotkoski, Assistant City Attorney

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Better Tomorrow, Today*

**BID OPENING**

**BID OPENING DATE:** August 31, 2004 at 11:00 a.m.

**FOR:** Fuel Oil Facilities Upgrades General Construction

**DEPARTMENT:** Utilities

**ESTIMATE:** \$600,000.00

**FUND/ACCOUNT:** E520

**PUBLICATION DATE:** August 5, 2004

**NO. POTENTIAL BIDDERS:** 4

**SUMMARY**

**Bidder:** Diamond Engineering Co.  
Grand Island, NE

**Bid Security:** Travelers Casualty & Surety

**Exceptions:** Noted

**Bid Price:** \$833,000.00 (Tax Included)

cc: Gary Mader, Utilities Director  
Shelly Schnakenberg, Utilities Senior Sec.  
Gary Greer, City Administrator  
Laura Berthelsen, Legal Assistant

Bob Smith, Assistant Utilities Director  
Pat Gericke, Utilities Admin. Secretary  
Dale Shotkoski, Purchasing Agent

**P933**

RESOLUTION 2004-237

WHEREAS, the City of Grand Island invited sealed bids for Fuel Oil Facilities Upgrades General Construction, according to the plans and specifications on file with the City Clerk and with Black & Veatch; and

WHEREAS, on August 26, 2004, one bid was received, opened and reviewed; and

WHEREAS, inasmuch as only one bidder was able to comply with the plans and specifications for such project, it is recommended that the Diamond Engineering Company of Grand Island, Nebraska, be designated as a sole source contractor for such project; and

WHEREAS, it is further recommended that negotiations be initiated with the Diamond Engineering Company, as a sole source contractor, to proceed with such project.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the Diamond Engineering Company of Grand Island, Nebraska be designated as a sole source contractor for the fuel oil facilities upgrade project.

BE IT FURTHER RESOLVED, that authorization is hereby given to pursue negotiations with the Diamond Engineering Company for the fuel oil facilities upgrade project.

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Adopted by the City Council of the City of Grand Island, Nebraska, September 28, 2004.

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RaNae Edwards, City Clerk