



City of Grand Island

Tuesday, July 26, 2011

Council Session

Item G19

**#2011-184 - Approving Revised Uranium Removal System
Equipment Bid - Per HDR Engineering**

Staff Contact: Tim Luchsinger

Council Agenda Memo

From: Tim Luchsinger, Utilities Director
Jason Eley, Asst. City Attorney/Purchasing

Meeting: July 26, 2011

Subject: Uranium Removal System Equipment

Item #'s: G-19

Presenter(s): Tim Luchsinger, Utilities Director

Background

The Utilities Department was authorized by Council on February 22, 2011 to proceed with the procurement and installation of the large-scale pilot uranium removal system at the City's Platte River Well Field. Specifications for the Uranium Removal System - Equipment Procurement were advertised and issued for bid in accordance with the City Purchasing Code. The specifications included two pricing elements. Schedule A is the price for furnishing the uranium removal system equipment in accordance with the specifications. Schedule B is the present value cost of providing ten years of maintenance and support for operation of the system, subject to adjustment annually based on the Consumer Price Index. This includes monitoring operation of the system, furnishing replacement treatment media, disposal of spent media at licensed facilities, maintaining compliance with a radioactive materials license, and decommissioning of the system. The price is based on a specified annual quantity of water to be treated, with a unit price for adjustment of water quantities above the specified amount. Two bidders responded as listed below. The engineer's estimate for this project was \$2,500,000 for Schedule A and \$7,722,000 for Schedule B.

Bidder	Bid Price
Water Remediation Technology Of Wheat Ridge, Colorado	Schedule A: \$2,049,050.00 Schedule B: \$6,072,966.90
Total A & B:	\$8,122,016.90
Environgen Technologies Of Kingwood, TX	Schedule A: \$1,852,000.00 Schedule B: -----
Total A & B:	\$1,852,000.00

Envirogen took exception to providing Schedule B pricing and their bid was not further evaluated as being non-compliant. Utilities staff and HDR reviewed the Water Remediation Technology (WRT) for compliance. WRT included additional bonding not required by the specifications. City legal and utilities staff did not consider the additional bonding to benefit the City and adjusted the bid price using the bond pricing included in the bid. WRT also proposed an alternative payment schedule, but otherwise had no exceptions. At the June 28, 2011 Council meeting, the Utilities Department recommended that WRT be awarded the contract for the Uranium Removal System – Equipment Procurement specifications for the Schedule A adjusted bid price of \$1,958,100 and the Schedule B bid price of \$6,072,966.90, for a total bid price of \$8,031,066.90, and Council approved this award.

Discussion

Present value cost evaluation is a method to evaluate different long term options on a level playing field. By taking all costs, immediate and future, and applying a cost of money associated with future costs, one can evaluate options based on the amount of money needed in hand at the time of the decision. Subsequent to preparing the contract for the Uranium Removal System - Equipment Procurement, it was realized that the price for this contract is actually the price of the equipment in Schedule A, and the annual cost in Schedule B which was used as a basis for the present value cost evaluation. This is the price that will be paid to WRT, not the evaluated cost, and it is the contract price that should have been recommended to Council for consideration in approving the bid award. Therefore, to correct the previous resolution of June 28, 2011, the Utilities Department recommends that Water Remediation Technologies of Wheat Ridge, Colorado be awarded the contract for the Uranium Removal System – Equipment Procurement specifications in the amount of \$1,958,100.00, with an annual payment of \$786,450.00 for ten years (subject to adjustment as provided in the contract).

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 the Council approve the bid of Water Remediation Technologies of Wheat Ridge, Colorado and award the contract for the Uranium Removal System – Equipment Procurement specifications in the amount of

\$1,958,100.00, with an annual payment of \$786,450.00 for ten years (subject to adjustment as provided in the contract).

Sample Motion

Move to approve the bid of Water Remediation Technologies of Wheat Ridge, Colorado and award the contract for the Uranium Removal System – Equipment Procurement specifications in the amount of \$1,958,100.00, with an annual payment of \$786,450.00 for ten years (subject to adjustment as provided in the contract).



Jason Eley, Purchasing Agent

*Working Together for a
Better Tomorrow, Today*

BID OPENING

BID OPENING DATE: May 5, 2011 at 2:00 p.m.
FOR: Uranium Removal System – Equipment Procurement
DEPARTMENT: Utilities
ESTIMATE: \$2,500,000.00
FUND/ACCOUNT: 520
PUBLICATION DATE: March 31, 2011
NO. POTENTIAL BIDDERS:

SUMMARY

Bidder:	<u>Water Remediation Technology</u> Wheat Ridge, CO	<u>Envirogen Technologies</u> Kingwood, TX
Bid Security:	\$102,452.50	Argnaut Insurance Co.
Exceptions:	None	Noted
Bid Price:		
Schedule A:	\$2,049,050.00	\$1,852,000.00
Schedule B:	<u>\$6,072,966.90</u>	<u>-----,</u>
Total A & B:	\$8,122,016.90	\$1,852,000.00

cc: Tim Luchsinger, Utilities Director
Jason Eley, Purchasing Agent
Mary Lou Brown, City Administrator
Karen Nagel, Utilities Secretary

Bob Smith, Assist. Utilities Director
Pat Gericke, Utilities Admin. Assist.
Lynn Mayhew, Plant Supt.

RESOLUTION 2011-184

WHEREAS, the City of Grand Island invited sealed bids for Uranium Removal System Equipment Procurement, according to plans and specifications on file with the Utilities Department; and

WHEREAS, on May 5, 2011, bids were received, opened and reviewed; and

WHEREAS, Water Remediation Technologies of Wheat Ridge, CO, 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 \$1,958,100.00 with an annual payment of \$786,450.00 for ten years (subject to adjustment as provided in the contract); and

WHEREAS, the bid of Water Remediation Technologies is less than the estimate for the Uranium Removal System Equipment Procurement.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the bid of Water Remediation Technologies in the amount of \$1,958,100.00 with an annual payment of \$786,450.00 for ten years (subject to adjustment as provided in the contract) for Uranium Removal System Equipment Procurement, is hereby approved as the lowest responsible bid.

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Adopted by the City Council of the City of Grand Island, Nebraska, July 26, 2011.

Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
July 21, 2011	☐ City Attorney