



City of Grand Island

Tuesday, October 25, 2011

Council Session

Item G6

**#2011-313 - Approved Bid Award - Transmission Line
Construction - 115 kV Interconnection with NPPD at St. Libory**

Staff Contact: Tim Luchsinger

Council Agenda Memo

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

Meeting: October 25, 2011

Subject: Approving Transmission Line Work Contract

Item #'s: G-6

Presenter(s): Tim Luchsinger, Utilities Director

Background

On April 21, 2009, a presentation was made during a Council Study Session summarizing a 115 kV Transmission line route study for a new transmission line to be constructed northwest of the city. During the following City Council meeting on April 28, 2009, Council authorized the Utilities Department to proceed with the necessary engineering, permits and other services required to construct the new transmission line. All required easements have been purchased. Approval has been obtained from the Nebraska Power Review Board and Nebraska Public Service Commission and a crossing permit has been obtained where the new line will cross the Burlington Northern Santa Fe (BNSF) railroad tracks just west of Highway 281 at the same location of an existing 115 kV transmission line crossing. In addition, Nebraska Public Power District (NPPD) has constructed a new substation approximately seven miles north of the City along Engleman Road for which the new transmission line will be connected. The final step in this project is the actual construction of the line. Specifications for furnishing the transmission line materials and installation were developed by our consultant on this project, Advantage Engineering, and issued in accordance with City purchasing procedures.

Discussion

Bids were received by the City on October 6, 2011 for the contract labor and materials for the construction of the new seven mile 115 kV transmission line between the City's Substation F and NPPD's St Libory Substation and for maintenance work needed on the City's 115 kV transmission loop. The four bids received were:

Bidder	Amount
Watts Electric, Waverly, NE	\$2,941,846.98
IES Industrial (Kayton Electric), Holdrege, NE	\$3,732,714.50
Dominion Construction, Scottsbluff, NE	\$4,086,036.42
Mid-Plaines Power, Grand Island, NE	\$4,720,129.31

The bid from Watts Electric was significantly lower when compared to the other bids received which caused concern by our engineering staff and Advantage Engineering that there may be some items that were missed or not fully covered in their bid. A review of their bid and follow up telephone conversations with Watts Electric found the following:

1. Watts Electric did not schedule or attend a mandatory site visit to meet with the City to review the project. In addition, Watts Electric did not call and ask any questions or request clarification on any items.
2. Watts Electric's bid included pricing from a steel pole supplier, CHM Industries, who is not on the approved steel pole suppliers list. Watts Electric did not request approval of this steel pole supplier prior to submitting their bid.
3. Watts Electric's bid for installation of a majority of the tangent steel poles was significantly lower in price than the other bidders. Watts Electric indicated that their price did not include any allowance for installing poles in high water table areas, which requires additional time and equipment. Watts Electric assumed that the holes they would be digging would be mostly dry. Soil boring data for the line route indicating the presence of water was included with the bid documents.
4. Bidders were asked to submit information listing projects which the firm had completed in the past that were equal or greater in size and scope to this project. No previous project experience information was received from Watts Electric. In telephone conversations with them they acknowledged their lack of experience with complete 115 kV transmission projects. They indicated that their experience with 115 kV construction consisted of small one or two pole projects only.

IES Industrial's (Kayton Electric) bid was the second lowest bid received. A review of their bid and additional information received indicated the following:

1. IES Industrial did schedule a meeting with the City to review the project and familiarize themselves with the scope of the project. IES Industrial did call and email requests for additional information and clarifications during the bidding process.
2. IES Industrial proposed steel poles that would be supplied by Valmont/Newmark. Valmont/Newmark is an approved vendor and has supplied steel poles on City projects in the past.

3. IES Industrial proposed Tri-State Drilling as a subcontractor for installation of the concrete pier foundations and the tangent pole structure bases. Tri-State Drilling is an experienced contractor and is familiar with the area, having just completed the foundations at the NPPD St. Libory Substation, where the new line will connect.
4. IES Industrial submitted a list of similar projects that the firm has completed in the past. This list contained projects that included the installation of T-2 conductor and fiber optic shield wire similar to what will be installed in this project. They also submitted resumes for two superintendent foremen with 30 years of experience who are proposed to be used on the project.

IES Industrial's bid of \$3,732,714.50 is below the engineer's estimate of \$7,000,000. IES Industrial has the necessary experience and their bid includes the materials, equipment, and labor needed to complete the project successfully, and is recommended by the Utilities Department to be the lowest compliant bidder.

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 a future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council approve the contract for Transmission Line Work with IES Industrial, of Holdrege, Nebraska in the amount of \$3,732,714.50.

Sample Motion

Move to approve the contract for Transmission Line Work with IES Industrial in the amount of \$3,732,714.50.



Jason Eley, Purchasing Agent

*Working Together for a
Better Tomorrow, Today*

BID OPENING

BID OPENING DATE: October 6, 2011 at 2:00 p.m.
FOR: Transmission Line Work – Contract 11-PCC-01
DEPARTMENT: Utilities
ESTIMATE: \$7,000,000.00
FUND/ACCOUNT: 520
PUBLICATION DATE: September 8, 2011
NO. POTENTIAL BIDDERS: 6

SUMMARY

Bidder:	<u>Dominion Construction Company</u> Scottsbluff, NE	<u>IES Commercial, Inc.</u> Holdrege, NE
Bid Security:	Travelers Casualty & Surety Co.	National Union Fire Ins. Co.
Exceptions:	None	None
Bid Price:	\$4,086,036.42	\$3,732,714.50

Bidder:	<u>Watts Electric Company</u> Waverly, NE	<u>Mid-Plains Power</u> Grand Island, NE
Bid Security:	Universal Surety Co.	Merchants Bonding Co.
Exceptions:	None	None
Bid Price:	\$2,941,846.98	\$4,720,129.31

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

Pat Gericke, Utilities Admin. Assist.
Travis Burdett, Assist. Utilities Director

RESOLUTION 2011-313

WHEREAS, the City of Grand Island invited sealed bids for Transmission Line Construction, according to plans and specifications on file with the Utilities Department; and

WHEREAS, on October 6, 2011, bids were received, opened and reviewed; and

WHEREAS, IES Commercial, Inc., (Kayton Electric) of Holdrege, 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 \$3,732,714.50; and

WHEREAS, the bid of IES Commercial, Inc., is less than the estimate for the Transmission Line Construction.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the bid of IES Commercial, Inc., in the amount of \$3,732,714.50, for Transmission Line construction, is hereby approved as the lowest responsible bid.

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Adopted by the City Council of the City of Grand Island, Nebraska, October 25, 2011.

Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
October 20, 2011	☐ City Attorney