



City of Grand Island

Tuesday, December 18, 2012

Council Session

Item G11

**#2012-359 - Approving Bid Award for Feedwater Heater #5
Replacement at Platte Generating Station**

Staff Contact: Tim Luchsinger, Utilities Director

Council Agenda Memo

From: Timothy G. Luchsinger, Utilities Director

Meeting Date: December 18, 2012

Subject: Feedwater Heater #5 Replacement

Item #'s: G-11

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

Background

The Platte Generating Station utilizes five stages of boiler feedwater heaters in its steam cycle. These feedwater heaters are specialized heat exchangers that use steam from the main turbine-generator to preheat the boiler feedwater and improve the overall plant steam cycle efficiency. One of the feedwater heaters has internal leakage problems which make control of its operation difficult and wall thinning of the feedwater heater tubes is occurring. The present heater is original to the plant. The heater weighs approximately 18 tons. The existing heater (which utilized 70-30 copper/nickel alloy tubes), was bid to be upgraded to stainless steel (SA688-304N) or, as an option, low alloy carbon steel (SA-213-T22).

Discussion

The specifications for the Feedwater Heater #5 Replacement were advertised and issued for bid in accordance with the City Purchasing Code. Bids were publicly opened on November 13, 2012. Specifications were sent to seven potential bidders and responses were received as listed below. Bidders were allowed to specify heater tubing consisting of either SA-213-T22 or SA688-304N materials. The engineer's estimate for this project was \$500,000.00.

Bidder	Bid Price
SPX Heat Transfer, Inc., Tulsa, OK (T22)	\$ 331,750.00
Thermal Engineering International, Santa Fe Springs, CA (T22)	\$ 376,500.00
Thermal Engineering International, Santa Fe Springs, CA (304N)	\$ 401,750.00
Holtee International, Jarlton, NY (304N)	\$ 477,050.00

The bids were reviewed by plant engineering staff. The lowest bid, from SPX Heat Transfer Inc., had the following concerns:

- 1) The proposed weight of the new heater exceeds that of the existing heater by almost 1.5 tons. This would require structural analysis and a possible upgrade of our current steel support frame.
- 2) The references given by SPX Heat Transfer were either nonresponsive or could only reference their work using the SA688-304N material (which they did not bid).
- 3) SPX Heat Transfer has not been responsive to discuss these issues and other “clarifications” listed in their bid.

All bidders who provided SA-213-T22 carbon steel tubing as a material in their bid were not able to back up their experience with the product through their references, therefore, this material was not further evaluated as a compliant option.

Companies bidding the SA688-304N tubing material were all highly referenced and well documented as to their history with the product. All bids came in under the engineer’s estimate.

Thermal Engineering International did not list any exceptions and their bid of \$401,750.00, is recommended as the lowest compliant bid. At the December 4, 2012 meeting, the Council previously awarded this Contract to Thermal Engineering Int., for \$376,500.00, which was taken incorrectly from the bid sheet. The correct amount for the award should be \$401,750.00.

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 award the Contract for Feedwater Heater #5 Replacement to Thermal Engineering International, of Santa Fe Springs, California, as the lowest compliant bidder, with a bid price of \$401,750.00.

Sample Motion

Move to approve the bid from Thermal Engineering International, Inc., for the Feedwater Heater #5 Replacement in the amount of \$401,750.00.



*Working Together for a
Better Tomorrow, Today*

BID OPENING

BID OPENING DATE: November 13, 2012 at 2:00 p.m.
FOR: Feedwater Heater #5 Replacement
DEPARTMENT: Utilities
ESTIMATE: \$500,000.00
FUND/ACCOUNT: 520
PUBLICATION DATE: October 18, 2012
NO. POTENTIAL BIDDERS: 7

SUMMARY

Bidder:	<u>Holtec International</u> Marlton, NY	<u>SPX Heat Transfer, Inc.</u> Tulsa, OK
Bid Security:	Cashier's Check	Liberty Mutual Ins. Co.
Exceptions:	None	Noted

Bid Price:		
Material:	\$470,000.00	\$331,750.00
Labor:	\$ 7,050.00 (Performance Bond)	-0-
Sales Tax:	-0-	-0-
Total Bid:	\$477,050.00	\$331,750.00

Bidder:	<u>Thermal Engineering International</u> Santa Fe Springs, CA
Bid Security:	Westchester Fire Ins. Co.
Exceptions:	Noted

Bid Price:	
Material:	\$366,500.00
Labor:	-0-
Sales Tax:	-0-
Total Bid:	\$366,500.00

cc: Tim Luchsinger, Utilities Director

Bob Smith, Assist. Utilities Director

Mary Lou Brown, City Administrator
Ryan Schmitz, Utilities Dept.

Pat Gericke, Utilities Admin. Assist.

P1603

RESOLUTION 2012-359

WHEREAS, the City of Grand Island invited sealed bids for Feedwater Heater #5 Replacement at Platte Generating Station, according to plans and specifications on file with the Utilities Department; and

WHEREAS, on November 13, 2012, bids were received, opened and reviewed; and

WHEREAS, Thermal Engineering International, of Santa Fe Springs, California, 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 \$401,750.00; and

WHEREAS, the bid of Thermal Engineering International, is less than the estimate for Feedwater Heater #5 Replacement.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the bid by Thermal Engineering International, in the amount of \$401,750.00, for Feedwater Heater #5 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, December 18, 2012.

Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
December 15, 2012	☐ City Attorney