



Memorandum

October 19, 2011

To: Jim Dinley, Municipal Administrator
From: Christopher Brewton, Utility Director
Subject: **Blue Lake Hydroelectric Expansion Project- Award of Contract No. 4-
Supply of Penstock and Manifold**

Request:

I request Assembly approval authorizing the City Administrator to issue T Bailey Inc., a Notice of Award, clarify and confirm a final price, and to enter into an agreement for Contract No. 4, Supply of Penstock and Manifold for the Blue Lake Expansion Project. The maximum amount of this contract would be the amount of \$827,975.00. Further, I request the Assembly approve an additional amount of \$100,000.00, to cover the cost of an additional stiffener ring, a protective coating system for buried sections and contingency bringing the total requested amount to \$927,975.00.

Background:

The City and Borough of Sitka advertised Supply of Penstock and Manifold for the Blue Lake Expansion Project, on August 19, 2011. Bids were received from three bidders. The bids were opened on September 23, 2011. The base bid results are as follows:

<u>Company</u>	<u>Total Bid</u>
T Bailey	\$827,975.00
BMT-Northwest	\$1,128,645.00
Northwest Pipe	\$1,623,732.02

Analysis:

The engineers estimate for this contract was \$1,250,000.00; the bids were reviewed by Department staff and its consultants as indicated in the attached bid evaluation.

Department staff believes that the penstock and manifold package offered by T Bailey is very fairly priced and will result in a satisfactory technical product. Department staff will require a long term delivery date to reflect the expected change in the schedule for the Generation Outage.

The Electric Department requests that the Assembly provide authorization for the City Administrator to issue T Bailey Inc. a Notice of Award, clarify and confirm the final contract price and enter into an agreement for Contract No. 4 Supply of Penstock and Manifold for the Blue Lake Expansion Project based on the Bidding Documents, the T Bailey bid, our requests for clarification, and T Bailey's subsequent responses.

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The anticipated contract amount will be:

Supply of 8 and 9' diameter penstock sections 7-11	\$359,350.00
Supply of downstream penstock sections 1-6 & wye segments 1-2	<u>\$468,625.00</u>
Material Contract	\$827,975.00
Protective coating, stiffener ring and contract contingency	<u>\$100,000.00</u>
Total Contract	\$927,975.00

The Electric Department requests that the City Administrator be given authorization to exercise a contingency of \$100,000 to address planned change orders to this contract. **This will bring the total request for authorization to \$927,975.00**

Funding:

Adequate funding is available in the Blue Lake Third Turbine and Dam Upgrade Capital Project No. 90594.

Recommendation:

I recommend the Assembly authorize the Municipal Administrator to issue T Bailey Inc. a Notice of Award, clarify and confirm a final price, and enter into an agreement for Contract No. 4 the Supply of Penstock and manifold for the Blue Lake Expansion Project. The maximum amount of this contract would be the bid amount of \$927,975.00.

Cc: Theresa Hillhouse, Municipal Attorney
Jay Sweeney, Finance Director
Dean Orbison, Blue Lake Project Manager

**Blue Lake Expansion Project
Contract No. 4
Supply of Penstock and Manifold**

Bid Comparison

	T Bailey	BMT-NW	Northwest Pipe Co	Engineer's Estimate
Item 1	\$335,200.00	\$381,851.00	\$713,346.49	\$560,000.00
Change (increase) per ITB 15.01	\$24,150.00			
Increase for sleeve coupling		\$21,750.00		
Total	\$359,350.00	\$403,601.00	\$713,346.49	\$560,000.00
Item 2	\$460,990.00	\$725,044.00	\$910,385.53	\$690,000.00
Change (increase) per ITB 15.01	\$7,635.00			
Total	\$468,625.00	\$725,044.00	\$910,385.53	\$690,000.00
TOTAL	\$827,975.00	\$1,128,645.00	\$1,623,732.02	\$1,250,000.00
Price Breakdown for Items 1&2				
Material procurement	50%	55%	20%	
Manufacture	45%	35%	60%	
Delivery and Warranty	5%	10%	20%	
Total	100%	100%	100%	
Work Schedule				
fabrication drawings of penstock sections	30 days	30 days	42 days	
fabrication drawings of manifold	45 days	30 days	42 days	
fabrication drawings of penstock branch pipes	60 days	30 days	42 days	
quality assurance procedures	25 days	30 days	42 days	
Delivery				
penstock sections	214 days	214 days	214 days	
manifold and branch pipes	155 days	155 days	155 days	
Material				
penstock pipe segments	A516-70N	A516-70N	A516-70	A516-70
manifold segments	A516-70N	A516-70N	A516-70	A516-70
penstock branch lines	A516-70N	A516-70N	A516-70	A516-70
Total Weight				
penstock pipe segments 6-11	104 tons	103 tons	105.20 tons	101 tons
manifold segments	47 tons	43 tons	47.74 tons	41 tons
penstock branch lines	18 tons	17 tons	18.19 tons	16 tons
total	169 tons	163 tons	171.13 tons	158 tons
Average cost per lb.	\$2.45	\$3.46	\$4.74	\$3.95

Project Memorandum

TO: Steve Hart

FROM: Peter Rodrigue

October 18, 2011

cc: Chris May

City and Borough of Sitka Blue Lake Expansion Project

Review of Bids for Contract No. 4 - Supply of Penstock and Manifold

1. Introduction

Bids for supply of the steel penstock and manifold for the Blue Lake Expansion Project were received by the City and Borough of Sitka on September 23, 2011. Proposals were submitted by T Bailey Inc. (T Bailey), BMT-NW Acquisition LLC (BMT), and Northwest Pipe Co (NWP).

A comparison of the bid prices, schedule and technical data for the penstock and manifold is attached. A review of the bids is discussed in the sections below.

2. Bid Prices

Bid pricing has been provided by all three bidders as requested in the bidding documents. Item 1 covers the main 9 ft diameter penstock while Item 2 is for the downstream penstock elbow with manifold and branch pipes. The prices are summarized in the attached table.

T Bailey modified its prices after submission of its bid but prior to bid opening, which is permitted in the bidding documents.

BMT provided separate price for the sleeve coupling as it appears that BMT were not certain whether the coupling was to be included in the scope of work.

There is significant variation in the bid prices, with both T Bailey and BMT being below the Engineer's estimate.

3. Technical Comparison

The scope of work covered by the bidding documents is primarily a steel (pipe) fabrication contract, with the design having been done by Hatch. All three bidders have experience in large pipe fabrication although BMT's experience (as listed in its bid and on the BMT website) may be more related to steel tanks than to long lengths of penstock.

The weight estimate for the Goods given by each of the bidders is in agreement with Hatch's estimate, which provides confidence that the bidders have not excluded any major portion of the work from their bid.

T Bailey's bid has four exceptions. The first indicates that a one year warranty is provided for fabrication and paint, which is a clarification rather than an exception. The second states that the prices require award of both Items 1 and 2, which was the intent of the bidding documents. The other two are technical exceptions and are discussed below:

- T Bailey states that *"Fabrication quality is controlled by our Quality Management System (QMS) in accordance with AISC Certification Standard or applicable governing requirements. Unless noted otherwise, all welds receive Visual Testing (VT) in accordance with AWS D1.1, Table 6.1. Ultrasonic testing of 100% of the longitudinal welds and spot ultrasonic testing of circumferential welds is included per project specifications. UT will be performed by in-house UT tech with Level III supervision. Hydrostatic testing is specifically excluded"*.

This exception was discussed with T Bailey who confirmed that:

- The QMS mentioned in T Bailey's bid supplements the specification requirements, rather than replace them.
- Visual examination of welds would be per Article 9 of ASME BPVC Section V rather than AWS D1.1 Table 6.1.
- Non-destructive examination, including UT, would be conducted by personnel qualified to ASNT as stated by Section 05910 - 3.02 B.4

Hydrostatic testing is not a specified requirement.

Overall, T. Bailey's "exception" is considered acceptable.

- T. Bailey states that *"Section 05910,3.03.F.1 States that Weld Quality and Inspection must be performed by an Inspector qualified in accordance with Section 5-3 of ASME QAI-1, "Qualifications for Authorized Inspection". All welding inspection defined in Section 05910,3.03.F shall be performed by T Bailey, Inc.'s American Welding Society (AWS), Certified Welding Inspector(s) (CWI)."*

This is acceptable, as T. Bailey has confirmed that the inspectors would be certified in accordance with AWS QC1 provisions.

BMT has indicated no exceptions either contractual or technical.

NWP has three exceptions that are all contractual in nature. These exceptions would require further review and discussion if NWP becomes the preferred bidder.

One addendum, which has been acknowledged by all three bidders, was issued during the bidding process. The addendum made changes to the penstock and manifold painting requirements and allowed the bidders some flexibility in paint coating system selection, provided that the system meets the requirements of AWWA C222 "Standard for Polyurethane Coatings". The addendum requested that bidders submit information on their proposed pipe coating system including paint supplier, product data sheets, previous experience with the same system and application, and the manner

which field coating of joints can be accomplished by others. None of the bidders provided this information with their bid. However, upon request after the bid opening, T. Bailey submitted the required information on pipe coating.

4. Schedule

The schedule for delivery of the goods given by the three bidders meets the schedule in the bidding documents.

5. Conclusions and Recommendation

The three bidders have provided responsive bids for Contract 4 – Supply of Penstock and Manifold. T Bailey has the lowest bid price. Its exceptions have been reviewed and clarified as discussed in Section 3 above, and there are no remaining issues with the T Bailey bid. Therefore this company is considered the preferred bidder for Contract 4.

There are also a few minor changes to the penstock drawings that have been made since the bidding was initiated, and these need to be pointed out to the preferred bidder prior to contract award. However, these changes do not influence the selection for contract award.

CWM/PR:cwm/pr
Attachment(s)/Enclosure