



Legislation Text

File #: 18-0016, Version: 2

Resolution to Approve a Contract with Kiser Hydro LLC for, for Barton Dam Hydroturbine: 10-year Inspection and Overhaul - ITB #4467 (\$542,858.00)

This memorandum and resolution requests approval to award a contract to Kiser Hydro LLC (Kiser) for the Barton Dam Hydroturbine: 10-year Inspection and Overhaul - ITB #4467 (\$542,858.00).

Barton Dam is one of the two hydroelectric power generating facilities owned by the City of Ann Arbor (City). The Facility’s turbine generates approximately 4,200 MWh/year and typically contributes revenue of over \$300,000.00 to the City per year. The Barton hydroturbine is the critical component to Barton Dam Hydroelectric facility and recommended operation and maintenance (O&M) practices call for rebuilding the turbine every 10 years. The last rebuild of the Barton Dam hydroturbine was in 2005 and the equipment is therefore overdue for this work.

The scope of this project includes a detailed equipment inspection and turbine equipment overhaul consisting of disassembly, removal, rebuilding and reinstalling existing turbine parts, replacement of various mechanical components, and all related work. Critical components of the work include overhaul of the generator, rebuilding of the gearbox, replacing runner and deep sea bearings, repairing wicket gates and actuators, start-up, testing and commissioning.

On January 24, 2017, the City received the following three (3) bids for this work:

<u>Bidder</u>	<u>Base Bid (Items 1-8, 10)</u>	<u>Base Bid (Item 9)</u>	<u>Total Base Bid</u>
Kiser Hydro LLC	\$542,858.00	\$50,000.00	\$592,858.00
Hydro Consulting	\$631,354.00	\$50,000.00	\$681,354.00
Gerace	\$795,000.00	\$50,000.00	\$845,000.00

After evaluating the bid amounts and funding, the City has decided not to include the alternate and to forego the Item 9 allowance of \$50,000.00. Since Kiser submitted the lowest responsible bid, it is recommended that their base bid, less the Item 9 allowance, for a total of \$542,858.00 be accepted, and that Kiser be awarded the contract for the Barton Dam Hydroturbine: 10-year Inspection and Overhaul ITB #4467.

Kiser complies with the City’s Living Wage, Prevailing Wage and Non-Discrimination Ordinances.

It is noted that this project possesses risks that may not be fully itemized or quantified until after the work begins. These risks are inherent to this type of work and cannot be avoided. It will not be until the hydroturbine is disassembled and assessed that the complete scope of rehabilitation is determined. The estimated cost to perform additional repairs if needed, is estimated at an additional \$190,000.00. While it is not anticipated that the City would incur this additional expense, there is a chance that an additional amount may be needed to place the hydroturbine back into reliable service. The City recommends moving forward, even with the stated risks after conducting financial analysis of the payback period for this work.

Funding for this project is included in the approved General Fund Capital Budget.

Prepared by: Brian Steglitz, P.E., Water Treatment Plant Manager

Reviewed by: Craig Hupy, Public Services Administrator

Approved by: Howard S. Lazarus, City Administrator

Whereas, The Barton Dam Hydroturbine is overdue for its 10-year inspection and overhaul which is recommended best practice for type of equipment;

Whereas, Of the three (3) proposals received, Kiser Hydro LLC provided the lowest responsible base bid, less the Item 9 allowance, in the amount of \$542,858.00;

Whereas, The Barton Dam Inspection and Overhaul project is identified as a high priority project;

Whereas, The financial payback on the rehabilitation of the Barton Hydroturbine is less than three years;

Whereas, Funding for this project is included in the approved General Fund Capital Budget; and

Whereas, Kiser Hydro LLC complies with the requirements of the City's Living Wage, Prevailing Wage, and Non-Discrimination Ordinances;

RESOLVED, That Council accept the proposal for the Base Bid and awards a contract to Kiser Hydro LLC in the amount not to exceed \$542,858.00;

RESOLVED, That funds for this project be made available for the life of the project without regard to fiscal year; and

RESOLVED, That the City Administrator be authorized to take the necessary administrative actions to implement this resolution.