



TO THE HONORABLE CHAIRMAN AND TRUSTEES

REPORT TO: STILLWATER UTILITIES AUTHORITY

No. SUA-16-03

ISSUED BY THE GENERAL MANAGER - STILLWATER, OKLAHOMA

Date of Meeting: January 4, 2016

Subject: Expenditure limit increase: Plant Structural Steel - SUA Bid #35-14/15

Background: On June 1st, the Trustees awarded the bid for the plant structural steel for the new PGS to the lowest responsible bidder Southland Steel Fabricators Inc. and authorized expenditures from the PGS project fund up to \$626,041 (included a 5% contingency). The plant structural steel consists of the structural steel and grating platforms required for inspection/testing of equipment and air duct steel for equipment external to the power block building.

Discussion: After execution of the contract, several engineering changes were released that included platforms, stairways, and internal coating of air duct piping that were not accounted for in the contract. While the approved contingency was enough to cover the internal coating of the air duct piping and some other miscellaneous items, \$40,825 additional funding will be necessary to purchase additional platforms and stairways not previously included. In order to purchase the additional required plant structural steel, the expenditure limit on this contract needs to be increased to \$685,665 for a total contingency of 15%.

Budget Impact: The approximately \$70 million estimated cost of the project includes funding for this purchase. This item requires no new appropriation or budget amendment and will not affect year-end projected balances. Funding is available in the PGS project fund which is held by the Bond Trustee bank.

Alternatives:

- 1: Approve expenditure limit increase.
- 2: Do not approve the expenditure limit increase and direct staff to prepare a separate procurement package, solicit bids/quotes, and purchase the additional items from another vendor. This alternative would require additional expense to the project for bidding services, as well as cause schedule delays. Southland Steel has already proven to be the low bidder and SUA currently has them under contract with agreed upon terms and conditions.

Recommendation: It is recommended that the Trustees approve an expenditure limit increase up to a total of \$685,665 to complete the purchase of the plant structural steel package and associated equipment from Southland Steel Fabricators Inc.

Prepared by: Loren Smith, Electric G & T Manager
Reviewed by City Manager's Office: Dan Blankenship, SUA Director
Date of Preparation: December 16, 2015
Submitted by:

Norman McNickle
Interim General Manager