

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve the purchase of one used Cleaver-Brooks Steam Firetube Boiler from **Cole Industrial, Inc.** for use in EWEB's Steam Plant.

Backgrounder No

Board Meeting Date: November 17, 2009

Project Name/Contract#: Used Steam Firetube Boiler

Project Contact: Will Bondioli Ext. 7151

Purchasing Contact: Gail Murray Ext. 7429

Action Requested:

Contract Award
 Contract Renewal
 Contract Increase
 Other

Contract Amount:

Original Contract Amount: \$150,000

Additional \$ Previously Approved: \$ -0-

Invoices over last approval: \$ -0-

Percentage over last approval: -0-%

Amount this Request: \$150,000

Resulting Cumulative Total: \$150,000

Funding Source:

Budget
 Reserves
 New Revenue
 Bonding
 Other

Contracting Method:

Method of Solicitation: Direct Negotiation

If applicable, basis for exemption: EWEB Rule 6-0200 (purchase of used personal property)

Term of Agreement: One time Purchase

Option to Renew? No

Approval for purchases "as needed" for the life of the contract No

Form of Contract:

Single Purchase
 Services
 Personal Services
 Construction
 IGA
 Price Agreement
 Other

NARRATIVE:

The board is being asked to approve the purchase of one used Cleaver-Brooks Steam Firetube Boiler from **Cole Industrial, Inc.** for use in EWEB's Steam Plant

The Steam Plant has operated two large natural gas fired steam boilers to meet our district heating loads since the mid-1990s. As our customer base becomes smaller during the transitioning period, it will become more and more difficult to operate these large boilers for the smaller production. The utility would have serious safety problems operating our existing boilers (24/7) during the summer months. To produce steam efficiency during the summer months, it will be necessary to have a much smaller boiler for reliable steam production.

Staff has researched the availability of a suitable smaller boiler, and has come up with three possible options; buy a new boiler, buy a used boiler, or rent a boiler. Purchase of a new boiler was quickly ruled out as cost prohibitive considering the short time this boiler would be needed (2-3 years). Boiler rental costs were quoted at \$250,000 over a two-year period. A suitable sized used boiler with low emissions, high turndown natural gas burner has been offered for sale by Cole Industrials, Inc. at a purchase price of \$150,000 delivered to EWEB's Steam Plant site. The boiler is located in Medford, Oregon and is available for immediate delivery.

EWEB purchasing rules (6-0200 Purchase of Used Personal Property), allow the purchase of used personal property without competitive bidding if it is determined that the purchase will result in cost savings to EWEB. Used personal property is defined as equipment which has been placed in its intended use by a previous owner or user for a period of time recognized in the relevant trade or industry as qualifying equipment as "used." The equipment proposed meets that definition.

ACTION REQUESTED:

Staff requests Board approve the purchase of one (1) Used Cleaver-Brooks Steam Firetube Boiler from **Cole Industrial, Inc.** for use in EWEB's Steam Plant. Funds for this purchase were budgeted for 2009.

SIGNATURES:

Project Coordinator: _____

Supervisor: _____

Purchasing Manager: _____

Division Director: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____