RESOLUTION NO. 6452

WHEREAS, pursuant to Resolution No. 6006, adopted on June 19, 2014, the Board of Directors authorized management to refuel North Omaha Station Unit 4 and Unit 5 to natural gas; and

WHEREAS, based on an economic evaluation, an auxiliary steam electrode boiler was selected to be utilized at the North Omaha Station to provide building heat and to support cold startups of Unit 4 and Unit 5 following fuel conversion to natural gas; and

WHEREAS, the District’s Engineer has certified that the work to design, furnish and install an auxiliary steam electrode boiler and associated equipment is technically complex and the District will achieve a better result with face-to-face negotiations with qualified Engineer, Procure and Construct (EPC) contractors; and

WHEREAS, for these reasons, the District’s Engineer has certified that the use of sealed bidding would be impractical and not in the public interest; and

WHEREAS, pursuant to Nebraska Revised Statute Section 70-637 (as amended), and upon approval of the Engineer’s Certification by the Board of Directors, the District may negotiate and enter into a contract or contracts related to such project without sealed bidding.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Omaha Public Power District that:

1. The Engineer’s Certification requesting that the Board waive the sealed bid requirements, in accordance with Nebraska Revised Statutes Sections 70-637 through 70-639, is hereby approved.

2. Management is hereby authorized and directed to negotiate and enter into the necessary contract or contracts to provide Engineer, Procure and Construct (EPC) services for the design, supply and installation of an auxiliary steam electrode boiler for the North Omaha Station, subject to review and approval of the final contract(s) by the District’s General Counsel.

3. The notice required by Nebraska Revised Statutes Section 70-637 shall be published in the Omaha World Herald, or other similar newspaper of general circulation.
BOARD OF DIRECTORS

August 17, 2021

ITEM

North Omaha Station Auxiliary Steam Electrode Boiler

PURPOSE

Provide services for the design, supply and installation of an Auxiliary Steam Electrode Boiler for the North Omaha Station.

FACTS

a. Per Resolution No. 6006, the Board of Directors authorized management to refuel North Omaha Station Units 4 and 5 to natural gas.

b. Based on an economic evaluation, an auxiliary steam electric boiler was selected to be utilized at the North Omaha Station to provide building heat and to support cold startups of Unit 4 and Unit 5 following fuel conversion to natural gas.

c. The District's engineer has certified the complex nature of the work and that use of the sealed bid process is impractical and not in the public's best interest.

d. The District will solicit competitive proposals from qualified contractors for the work. A negotiated contract process will provide more time for potential contractors to develop a detailed work plan with optimized project schedule, pricing, and risk mitigation.

e. The work is scheduled to be complete in the fourth quarter of 2023.

ACTION

Approval of the Engineer's Certification and authorization for management to negotiate and enter into a contract for the supply of equipment and services for the design and installation of an Auxiliary Steam Electrode Boiler at the North Omaha Station.

RECOMMENDED:    APPROVED FOR BOARD CONSIDERATION:

_______________________________ _______________________________
Mary J. Fisher     L. Javier Fernandez
Vice President – Energy Production and President and Chief Executive Officer
Nuclear Decommissioning

SAE:mb

Attachments:  Letter of Recommendation
                Engineer’s Certificate
                Legal Opinion
                Resolution
MEMORANDUM

DATE: August 6, 2021
FROM: S.A. Eidem
TO: M.J. Fisher
SUBJECT: North Omaha Station Auxiliary Steam Electrode Boiler

1.0 GENERAL

The North Omaha station currently utilizes an operating coal unit to provide steam to the existing Auxiliary Steam system for building heating during the winter months and to preheat combustion air during unit startups when required. Based on a favorable economic evaluation, an auxiliary electric boiler is planned to be utilized to provide building heat and to support Unit 4 and 5 cold startups post fuel conversion to natural gas. An electric boiler also supports the District’s decarbonization strategic initiative goals. The electric boiler will be maintained and critical spare parts available to mitigate the risk of having an unexpected boiler outage for an extended period of time. Contingency plans are also being pursued in case of a prolonged electric boiler outage to ensure North Omaha Station systems are protected from freezing in that scenario.

The auxiliary electrode boiler is unique and will require detailed structural, mechanical, electrical, and controls engineering and construction support to ensure there will be no adverse consequences with the existing interfacing systems. OPPD does not currently maintain an electrode boiler at any existing site. Performance guarantees will be established to ensure the boiler performs as specified before the required Commissioning date in the fourth quarter of 2023, thereby mitigating future risks to the District.

Compliance with the sealed bidding requirements of the Nebraska Statues is impractical and not in the public’s best interest. Contract negotiations will allow potential qualified contractors more time to develop a detailed work plan, reduce risk by having a better understanding of the project scope, maintain the overall project schedule and performance guarantees, and preserve a competitive bid environment by reducing the chance bidders submit non-compliant bids. Negotiations will provide OPPD a better understanding and comparison of the complex bid offerings.

Therefore, it is in District and public’s best interest to forgo the sealed bidding process. Instead competitive bids will be sought through a publically available Request for Proposal (RFP) and detailed negotiation process with the capable bidders. The contract will be awarded to the contractor with the lowest and best evaluated bid.
2.0  RECOMMENDATION

An Engineer’s Certification of the above has been prepared. Approval of that Certification is recommended. We request the Board of Directors to approve the Engineer’s Certification and to authorize management to negotiate and enter into a contract to design, procure, and install an auxiliary steam electrode boiler at the North Omaha Station.

Scott A. Eidem

S.A. Eidem, P.E.
Director, Engineering Services
Energy Production and Nuclear Decommissioning
ENGINEER'S CERTIFICATE

The Omaha Public Power District (OPPD) intends to enter into a contract to design, furnish, and install an auxiliary electrode steam boiler and associated equipment at the North Omaha Station. The new boiler will provide steam to the existing auxiliary steam system for heating during the winter months and preheat combustion air during unit startups following the planned fuel conversion of Units 4 and 5 to natural gas. This project involves activities that must be properly planned, designed, coordinated, and executed to perform the work safely, with high quality workmanship and efficiently within the various areas of the turbine building. For the reasons explained and certified in this Engineer's Certificate, OPPD Management seeks approval from the Board of Directors to obtain these contractor services outside the statutory sealed bid process.

OPPD will solicit competitive proposals from qualified Engineer, Procure, and Construction (EPC) contractors. The ability for OPPD to conduct face-to-face contract negotiations will provide the necessary project details for OPPD to evaluate the contractor’s plan and capabilities, and will enable potential contractors to fully develop a detailed project execution plan that can be safely and cost-effectively performed at the generating station.

The undersigned, a Nebraska professional engineer employed by OPPD, certifies that compliance with the sealed bidding requirements of Nebraska statutes, Neb. Rev. Stat. 70-637 to 70-641, is impractical and not in the public’s best interest for the following reasons:

- The auxiliary steam boiler equipment and associated supporting systems are technically complex and must be integrated with other plant systems to optimize performance and obtain equipment performance guarantees.

- A negotiated contract process will better enable OPPD to evaluate contractors' plans and capabilities, will provide a more iterative process for potential contractors to develop potential installation options and a detailed work plan while optimizing their EPC project schedule.

- A negotiated contract provides the proper mechanism to develop optimal pricing, schedule, and contract terms and conditions with acceptable risk mitigation.

Pursuant to Section 70-637 of the Nebraska Revised Statutes, as amended, the board of Directors is requested to approve this Engineer’s Certificate and authorize Management to negotiate a contract for the supply of equipment and services for the design and installation of an auxiliary electrode boiler at the North Omaha Station without compliance with Sections 70-637 to 70-641 of the Nebraska Revised Statutes.

I, Steve D. Johnson (registered Professional Engineer in the State of Nebraska), certify the above to be true and correct to the best of my knowledge and belief.

Steve D. Johnson, P. E.  
Date: 7-28-21
July 9, 2021

Omaha Public Power District
444 South 16th Street
Omaha, NE  68102

RE: North Omaha Station - Engineer's Certification for Auxiliary Steam Boiler and Associated Equipment

Ladies and Gentlemen:

We have reviewed the Engineer's Certification of Steve D. Johnson, P.E., a registered professional engineer in the State of Nebraska employed by the District. Mr. Johnson's Engineer's Certification states that the District intends to enter into a contract to design, furnish, and install an auxiliary electrode steam boiler and associated equipment at the North Omaha Station. This project is needed in connection with the refueling of North Omaha Station to natural gas, per a prior Board resolution. The Certification states that auxiliary steam boiler equipment and associated supporting systems are technically complex and must be integrated with other plant systems to optimize performance and obtain equipment performance guarantees. Mr. Johnson further certifies that a negotiated Engineer, Procure, and Construct ("EPC") contract process will better enable OPPD to evaluate contractors' plans and capabilities, and will provide a more iterative process for potential contractors to develop installation options and a detailed work plan while optimizing their EPC project schedule. For these and other reasons set forth in the Certification, Mr. Johnson certifies that the use of sealed bidding for this scope of work would be impractical and not in the public interest.

Section 70-637 of the Nebraska Revised Statutes authorizes the District's Board of Directors, by a two-third vote, to approve an Engineer's Certification for technologically complex or unique projects, and to authorize the District to enter into a contract to complete the project. The District is required to advertise its intention to enter into any such contract in three (3) newspapers of general circulation within the District's service area, with not less than seven (7) days between issues. The contract cannot be entered into sooner than twenty (20) days after the last advertisement.

It is our opinion that Mr. Johnson's Engineer's Certification complies with Section 70-637 and is in a form that is appropriate for approval by the District's Board of Directors. Therefore, the Board of Directors may approve the Engineer's Certification and authorize Management to negotiate and enter into the necessary contract for the auxiliary steam boiler project. We recommend that any such contract be subject to review and approval by the District's General Counsel.
Very truly yours,

Stephen M. Bruckner
FOR THE FIRM