

COUNCIL ACTION FORM

SUBJECT: RENEWAL OF POWER PLANT CONTRACT FOR SPECIALIZED CLEANING SERVICES

BACKGROUND:

The City's Electric Utility has two coal-fired boilers and high-pressure steam generation units within the Power Plant, referred to as Unit No. 7 and Unit No. 8. These units require regular professional maintenance and repair. This consists of emergency service, as well as regularly scheduled planned repairs. The repair of the boilers on these generation units requires professional trade crafts such as boilermakers, steam/pipe fitters, and millwrights, to list a few.

The boiler units operate under environmental conditions with high heat and high pressure. Due to the operational conditions and fuel burned, the internal surfaces of the boilers are often covered with hardened ash, molten glass, and other substances, which coat the internal boiler tubes, and boiler walls. Special conditions arise from burning refuse derived fuel (RDF), including reducing atmosphere and the presence of chlorides from burning plastics. This can contribute to parts of the boiler units failing due to tube wasting. Examples include superheat tube, boiler wall tube, and boiler grate failures.

When tube failures occur, the City contracts with private firms that have expert staff to perform the emergency repairs needed to bring the unit(s) back into operation. Prior to the professional crafts entering the boilers to carry out inspections and repairs, the surfaces must be cleaned of ash coating and debris. This cleaning process requires high-pressure water washing, grit blasting, or use of explosives to loosen and remove the materials. After loosening or breaking up these substances, they are removed from the boiler using the sluice system or by large industrial vacuums.

On June 23, 2009, Council awarded a contract to W-S Industrial Services, Inc., Council Bluffs, Iowa, for the specialized cleaning services, including grit blasting, hydro blasting, detonation blasting, and vac truck services to be furnished as requested from July 1, 2009, through June 30, 2010, in an amount not-to-exceed \$231,000.

That contract has the option for the City to renew in one-year increments for up to five additional years. Electric Services staff recommends renewing the agreement for 2010/11. The hourly rates which will be charged by W-S Industrial will be unchanged for next year. The 2010/11 operating budget for Electric Production includes \$201,000 for boiler cleaning services to be performed under this contract. Payments will be calculated on unit prices bid and actual work performed.

The amount to be paid under this contract renewal is expected to decrease as a result of the outages planned for major maintenance work on the boilers in the next fiscal year.

ALTERNATIVES:

1. Approve the contract renewal with W-S Industrial Services, Inc., Council Bluffs, Iowa, for the specialized cleaning services contract, including grit blasting, hydro blasting, detonation blasting, and vac truck services, for the one-year period from July 1, 2010, through June 30, 2011, and approve contract and bond. Actual payments will be based on unit prices bid and actual work performed in an amount not-to-exceed \$201,000, at hourly prices unchanged from the current contract.
2. Do not renew the agreement and instruct staff to seek new competitive bids.

MANAGER'S RECOMMENDED ACTION:

This work is necessary to properly maintain Units No. 7 and 8 and to carry out emergency and scheduled repairs resulting from equipment failures. This contract allows the Power Plant to have reliable contractors available to perform these specialized cleaning services on very short notice in the event of an emergency repair. The contract also allows the Power Plant to control the costs of these services to the extent possible.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, approving the contract renewal with W-S Industrial Services, Inc., of Council Bluffs, Iowa, for the specialized cleaning services contract, including grit blasting, hydro blasting, detonation blasting, and vac truck services, for the one-year period from July 1, 2010, through June 30, 2011, and approve contract and bond.