

COUNCIL ACTION FORM

SUBJECT: POWER PLANT BREAKER MAINTENANCE CONTRACT RENEWAL

BACKGROUND:

Electric Services' two coal-fired, high-pressure steam turbine electric generating units within the Power Plant are referred to as Units No. 7 and No. 8, respectively. These units require regular professional maintenance and repair. This consists of emergency service, as well as regularly planned repairs and services during scheduled outages. The repair of these generating units requires professional trade crafts such as boilermakers, electricians/control techs, steam/pipe fitters, and millwrights, to list a few. The units operate under environmental conditions with high heat and high pressure.

Due to these operational conditions, numerous circuit breakers, relays and transformers are necessary to safely and reliably operate the Power Plant. All of this equipment must be professionally maintained, serviced, adjusted, repaired, and rebuilt. Specially trained personnel perform this work. It is not possible for staff to adequately maintain this electrical equipment due to manpower constraints and the specialized nature of the work.

Rather than bid and get prices for this work multiple times per year with the inconsistency of work and quality as different vendors participate, this work is outsourced on an annual renewable contract basis. This process reduces the City's exposure to market forces regarding prices and availability for labor, travel and supplies in preparation for a scheduled outage. City staff also saves considerable time obtaining quotes, evaluating proposals and preparing specifications and other procurement documentation.

On January 24, 2012, City Council awarded a contract to Tri-City Electric Company of Iowa, Davenport, IA, for Power Plant breaker and relay maintenance to be furnished as requested from February 16, 2012, through June 30, 2012, in an amount not-to-exceed \$127,500. The initial contract period was shortened to enable future renewals to coincide with the City's fiscal year.

This contract has an option for the City to renew in one-year increments for up to four additional years. This option includes a rate provision which increases rates at fixed percentages above the previous fiscal year contracted rates at time of renewal. The fixed rates for FY 2014/15 include labor and travel & subsistence increases of 4%. These increases are in accordance with the contract terms initially established. Council should note that is the third out of four possible renewals.

The approved FY 2014/15 operating budget includes \$180,000 for relay and breaker maintenance. The budget anticipated the 4% rate increase along with additional hours of work needed next year to include testing of auxiliary and step up transformers. Actual payments will be calculated on unit prices bid and actual work performed, up to the available budget amount.

ALTERNATIVES:

1. Approve the contract renewal with Tri-City Electric Company of Iowa, Davenport, IA, for Power Plant breaker and relay maintenance, for the one-year period from July 1, 2014, through June 30, 2015, and approve the associated contract and bond. Work will be scheduled on an as needed basis and payments will be based on unit prices bid and actual work performed. Total work in FY 2014/15 shall be an amount not-to-exceed \$180,000.
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 relays, circuit breakers and power plant transformers to carry out emergency and scheduled repairs resulting from equipment failures. This contract establishes rates for service and provides for guaranteed availability, thereby setting in place known rates for service and controlling the Plant's costs. **Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.**