

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.

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 had 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 2015/16 include labor, travel, and subsistence increases of 4%. These increases are in accordance with the contract terms initially established. **Council should note that is the fourth out of four possible renewals.**

Staff recommends that these services continue to be outsourced on an annual renewable contract basis. The benefits of having a contract for these services in place include the following:

- 1) Consistency of work and quality from a single contractor.
- 2) Reduction in the City's exposure to market forces regarding prices and availability for labor, travel, and supplies in preparation for a scheduled outage.

- 3) Rapid contractor mobilization to start emergency repairs, thus reducing generation downtime.
- 4) Saved City staff time obtaining quotes, evaluating bids, and preparing specifications and other procurement documentation.

The approved FY 2015/16 operating budget includes \$180,000 for relay and breaker maintenance. 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, 2015, through June 30, 2016, and approve the 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 2015/16 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.