

**COUNCIL ACTION FORM**

**SUBJECT: RENEWAL OF CONTRACT FOR POWER PLANT MAINTENANCE SERVICES**

**BACKGROUND:**

The Electric Utility has two coal-fired, high-pressure steam generation units within the City's Power Plant, referred to as Units No. 7 and 8. These units require regular professional maintenance and repair. This consists of both emergency and planned repairs and service. Services include a large variety of boiler and pressure vessel maintenance and repairs, structural steel, pump and piping work, coal handling system, coal pulverizer work, and other miscellaneous mechanical Power Plant work.

The repair of the equipment on these generation units requires professional trade crafts such as boilermakers, steam/pipe fitters and millwrights. The crafts are certified to install and repair high-pressure vessel and piping systems and other apparatus of the generation units. One of the most important aspects of this work is to provide the dependable, high pressure certified repairs and documentation required by State Code.

On June 11, 2013, City Council awarded a contract to ProEnergy Services LLC, Sedalia, MO, for the Power Plant maintenance services contract to be furnished as requested from July 1, 2013, through June 30, 2014. The contract was in an amount not-to-exceed \$550,000. The original contract has the option for the City to renew in one-year increments for up to four additional years.

**Council should note that the rates which will be charged by ProEnergy Services, LLC will be unchanged for next year. This is the second renewal out of four maximum.**

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 FY 2015/16 operating budget for Electric Production includes \$720,000 for this contract. There is additional work in the plant pertaining to the removal of old equipment to make way for the plant conversion that has caused the budget to increase from the original contract amount. Actual payments are calculated on unit prices bid and work performed limited by the available budget amount.

**ALTERNATIVES:**

1. Approve the contract renewal with ProEnergy Services LLC, Sedalia, MO, for the Power Plant Maintenance Services Contract for the one-year period from July 1, 2015, through June 30, 2016, and approve the contract and bond. Total work in FY 2015/16 shall be an amount not-to-exceed \$720,000.
2. Do not renew the agreement and instruct staff to seek new competitive bids.

**MANAGER'S RECOMMENDED ACTION:**

This work is necessary to ensure that a qualified professional firm will respond to both scheduled and emergency needs for boiler repair and maintenance, and will also control costs by having established billing rates. Funds will be expended only as work is required and in accordance with approved invoices.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.