

COUNCIL ACTION FORM

SUBJECT: POWER PLANT SPECIALIZED WET/DRY VACUUM, HYDRO BLAST, AND RELATED CLEANING SERVICES CONTRACT RENEWAL

BACKGROUND:

The Electric Utility's two coal-fired, high-pressure steam generation units in the Power Plant are referred to as Units No. 7 and 8. These units require regular professional maintenance and repair. This consists of emergency service, as well as regularly scheduled planned repairs and services during scheduled outages. The cleaning and special preparation of the boiler surfaces on these generation units requires professional tradecrafts and maintenance experts. Both units operate under environmental conditions with high heat and high pressure, resulting in slag and other industrial debris coating the boiler and other plant equipment surfaces. Prior to repair and maintenance work, it is necessary to have the surfaces professionally cleaned using high-pressure water jets and vacuums.

In order to clean the surfaces, outside contractors are used who can provide mobile high pressure generator trucks with hoses and lances to cut through and wash away the industrial debris coatings. These same firms have the industrial vacuum trucks that can accumulate and contain this industrial debris for proper disposal. The goal of this contract is to meet these requirements in the most economical manner.

On May 13, 2014, Council awarded a contract to Bodine Services of Clinton, LLC, Clinton, Iowa, for the specialized wet/dry vacuum, hydroblast and related cleaning services. These services were to be furnished as requested from July 1, 2014, through June 30, 2015, in an amount not-to-exceed \$67,000.

This contract included the option for the City to renew in one-year increments for up to four additional years. Staff recommends renewing the agreement for FY 2015/16. There is a rate provision under this contract that increases rates at fixed percentages above the previous fiscal year's contracted rates at time of renewal. The yearly rate increase is 2% for Labor, Travel & Subsistence, and Equipment & Tools. This increase is in accordance with the contract terms initially established. **This is the first 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 approved FY2015/16 Power Plant operating budget includes \$68,000 for miscellaneous services to be performed under this contract. Invoices paid will be based on contract rates for time and materials for services actually received.

ALTERNATIVES:

1. Approve the contract renewal with Bodine Services of Clinton, LLC, Clinton, Iowa, for the specialized wet/dry vacuum, hydroblast and related cleaning services 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 \$68,000.
2. Do not renew the agreement and direct 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 these specialized cleaning services, 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 #1 as stated above.