

COUNCIL ACTION FORM

SUBJECT: **RENEWAL OF CONTRACT FOR NON-ASBESTOS INSULATION AND RELATED SERVICES AND SUPPLY CONTRACT FOR POWER PLANT**

BACKGROUND:

This contract involves the removal, repair, and reinstallation of non-asbestos insulation of all types used at the City's Power Plant.

On January 13, 2015, City Council awarded a contract to Total Insulation Mechanical, Inc., Story City, IA, for the Non-Asbestos Insulation and Related Services and Supplies Contract Power Plant to be furnished as requested from award date through June 30, 2015. The contract was in an amount not-to-exceed \$90,000. The initial contract period was shortened to enable future renewals to coincide with the City's fiscal year.

The contract has 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. **The rates which will be charged by Total Insulation Mechanical, Inc will be unchanged for this first renewal.** 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 \$125,000 for these services. **The budgeted amount is larger than the first year of the contract due to expected increased insulating work as a result of the Power Plant conversion project.** Invoices will be based on contract rates for time and materials for services actually received.

ALTERNATIVES:

1. Approve the contract renewal with Total Insulation Mechanical, Inc., Story City, IA, for the Non-Asbestos Insulation and Related Services and Supplies Contract for the one-year period from July 1, 2015, through June 30, 2016, and approve contract and bond. Total work in FY 2015/16 shall be an amount not-to-exceed \$125,000.
2. Do not renew the agreement and instruct staff to seek new competitive bids.

MANAGER'S RECOMMENDED ACTION:

This contract is needed to carry out emergency and routine non-asbestos insulation services at the Power Plant. The contract will establish rates for service and provide for guaranteed availability, thereby setting in place known rates for service. 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.