

**COUNCIL ACTION FORM**

**SUBJECT: POWER PLANT VALVE MAINTENANCE SERVICES CONTRACT**

**BACKGROUND:**

On March 24, 2015, City Council approved preliminary plans and specifications for the Valve Maintenance, Related Services and Supplies Contract for Power Plant. The Electric Utility's two coal-fired, high-pressure steam generation units in the City's 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. 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.

Due to these operational conditions, numerous valves are used to operate the Power Plant. These include isolation, control, check, relief and safety valves, which must be professionally repaired, tested, installed, replaced and maintained. Specially trained personnel perform this work.

**This contract is to provide valve maintenance services for the period from award date through June 30, 2016.** The contract includes a provision that would allow the City to renew the contract for up to four additional one-year terms.

Bid documents were issued to nineteen companies. The bid was advertised on the Current Bid Opportunities section of the Purchasing webpage and a Legal Notice was published in the Ames Tribune. The bid was also sent to one plan room.

**On April 21, 2015, bids were received from four companies as shown on the attached report.**

**Allied Valve, Inc.** – The bid submitted by Allied Valve was determined to be **non-responsive** because a bid bond was not included with its bid. This is a mandatory requirement.

**Furmanite America, Inc.** – Staff contacted Furmanite America, Inc. to obtain additional clarifications on the bid they submitted. This vendor notified staff that they misunderstood the intent of the bid and stated that they will not be able to support this contract with a local resource able to meet the four hour callout requirement. This is a critical requirement of the contract. As a result, staff has determined that this bid is **non-responsive**.

**Pioneer Industrial Corporation** - During the evaluation, staff contacted several references submitted with the bid and had some concerns based on what they learned. One reference told staff that Pioneer performed poorly at their last overhaul. This reference stated that Pioneer installed 29 valves and 7 of those valves failed at start-up. Another reference stated that Pioneer did not perform well on larger process valves. **Based on the references staff has concluded that it would be in the City's best interest to not award the contract to this company.**

**Staff reviewed the remaining bid submitted by Dowco Valve Co, Inc., Hastings, MN, and concluded that it was acceptable. Staff compared the rates bid by Dowco Valve and found them to be comparable to the rates the City is paying currently.**

The approved FY 2015/16 Power Plant operating budget includes \$70,000 for this contract. Invoices will be based on contract rates for time and materials for services actually received.

**ALTERNATIVES:**

1. Award the contract for the Valve Maintenance, Related Services and Supplies Contract for Power Plant to Dowco Valve Co, Inc., Hastings, MN, for hourly rates and unit prices bid, in an amount not-to-exceed \$70,000.

This contract includes a provision that would allow the City to renew the contract for up to four additional one-year terms at stated rates.

2. Reject all bids and purchase valve maintenance services on an as-needed basis.

**MANAGER'S RECOMMENDED ACTION:**

This work is necessary to ensure that a qualified professional firm will respond to both scheduled and emergency needs for valve 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 #1 as stated above.



**2015-154 VALVE MAINTENANCE, RELATED SERVICES AND SUPPLIES CONTRACT FOR POWER PLANT BID SUMMARY**

	Pioneer Industrial Corporation Kansas City, MO			Dowco Valve Co, Inc Hastings MN			Furmanite America, Inc Houston, TX			Allied Valve, Inc Cannon Falls, MN		
LABOR AND RELATED COSTS	HOURLY RATES			HOURLY RATES			HOURLY RATES			HOURLY RATES		
DESCRIPTION	STRAIGHT TIME	OVERTIME	DOUBLE TIME	STRAIGHT TIME	OVERTIME	DOUBLE TIME	STRAIGHT TIME	OVERTIME	DOUBLE TIME	STRAIGHT TIME	OVERTIME	DOUBLE TIME
Foreman	\$52.00	\$78.00	\$104.00	\$68.50	\$96.00	\$116.50	Non-responsive			Non-responsive		
Journeyman	\$43.75	\$66.00	\$88.00	\$68.50	\$96.00	\$116.50	Non-responsive			Non-responsive		
Valve Technician	\$43.75	\$66.00	\$88.00	\$65.00	\$91.00	\$111.00	Non-responsive			Non-responsive		
Instrument Technician Actuators				\$105.00	\$158.00	\$179.00	Non-responsive			Non-responsive		
Coker Valve Specialist							Non-responsive			Non-responsive		
Actuator Specialist							Non-responsive			Non-responsive		
TRAVEL & SUBSISTENCE	RATE			RATE			RATE			RATE		
<b>Subsistence:</b>				\$50.00 Meals + \$125.00 Motel Estimates								
Foreman	\$110.00 per day			\$175.00 per day								
Journeyman	\$110.00 per day			\$175.00 per day								
Valve Technician	\$110.00 per day			\$175.00 per day								
<b>Travel and Mileage:</b>				Monday - Friday Non OT								
Foreman travel	\$52.00 per			\$68.50 per hr								
Foreman mileage	\$.72 per			\$1.05 per mile								
Journeyman travel	\$43.75 per			\$68.50 per hr								
Journeyman mileage	\$.72 per			\$1.05 per mile								
Valve Technician travel	\$43.75 per			\$65.00 per hr								
Valve Technician mileage	\$.72 per			\$1.05 per mile								
<b>Deliveries:</b>												
Travel	\$43.75 per			\$65.00 per hr								
Mileage	\$.72 per			\$1.05 per mile								
Service Vehicle												
Service Vehicle Mileage												
48' Relief Valve Repair & Machining Trailer												
Two-Way Radios												
Life Support/HAZMAT												
Approach Suits												
Compressor Usage												
Per Diem (per employee)												
Overnight Accommodations												
Airfare												
Rental Vehicle Charges												
3rd Party Equipment other than that specified herein as a service line item												
Any Specialized Services or Engineered Solutions not included herein												
EQUIPMENT	PER DAY		PER WEEK		PER DAY		PER WEEK		PER DAY		PER WEEK	
Mobile shop trailer	N/A		\$2,500.00		\$350.00		\$1,835.00					
Packing extractor	\$200.00		\$1,400.00		\$200.00		\$1,050.00					
Truck	\$78.00		\$546.00		\$50.00		\$265.00					
Hydro set testing device	\$150.00		\$1,050.00		\$300.00		\$1,575.00					
Electronic valve tester	\$275.00		\$1,925.00		\$350.00		\$1,835.00					
Gate valve machine	\$250.00		\$1,750.00									
Reseating machine	\$325.00		\$2,275.00		\$475.00		\$2,490.00					
Valve bore honing tool	\$220.00		\$1,540.00		\$475.00		\$2,490.00					
Gate valve machine (1 1/2" to 14" valve size)	\$175.00		\$1,225.00		\$350.00		\$1,835.00					
Gate valve machine (8" to 30 valve size)	\$250.00		\$1,750.00		\$475.00		\$2,490.00					
					\$250.00		\$1,300.00					
					\$475.00		\$2,490.00					
Pneumatic Grease Gun												
Valve Grinding Machine												
Valve Lapping Machine												
Gang Box with Hand Tools												
Porta Power Ram												
Valve Reseat Machine												
Measuring Tol (set)												
Laps												
Hydro Valve Packing Extractor												
48' Relief Valve Repair & Machining Trailer												
Mob. Of 48' Relief Valve & Mach. Trailer												
Bead Blaster only												
Small Relief Valve Testing Trailer												
MATERIAL COSTS	Cost plus 20%			Cost plus 20%			Cost plus 20%			Cost plus 20%		
OTHER RATES	RATE			RATE			RATE			RATE		
Shop truck mileage	\$0.72			\$1.05 / mile								
Mobile shop trailer mileage	\$2.00			\$1.05 / mile								
Safety Equipment				\$115.00 / day per man								
Consumables				5% of labor hours x st hourly rate								
HHS Steel Tool Bits for Flange Facing												
Indexable Carbide Inserts												
Specialty Tool Bits and other sizes above 1/2												
Standard Packing												
Standard Packing												
New Valves and Valve Parts												
PRICE INCREASE ESCALATORS FOR ANNUAL RENEWAL TERMS												
Labor Rates:	3% per year			3% per year			3% per year			3% per year		
Travel & Subsistence:	3% per year			3% per year			2% per year			2% per year		
Equipment & Tools:	3% per year			3% per year			1% per year			1% per year		