

COUNCIL ACTION FORM

SUBJECT: POWER PLANT MOTOR REPAIR CONTRACT RENEWAL

BACKGROUND:

Electric Services' two coal-fired (soon to be natural gas-fired), high-pressure steam turbine electric generating units are referred to as Units No. 7 and 8. These units require regular professional maintenance and repair. This work consists of regularly planned repairs and services during scheduled outages, as well as emergency service. The repair of these generating units requires professional trade workers such as boilermakers, electricians/control technicians, steam/pipe fitters, and millwrights, to list a few. The units operate under environmental conditions with high heat and high pressure.

Because of these operational conditions, numerous motors are necessary to safely and reliably operate the Power Plant. All of this equipment must be professionally maintained, serviced, adjusted, repaired, and rebuilt. It is not possible for staff to adequately maintain this electrical equipment due to manpower constraints and the specialized nature of the repairs.

Rather than bid and obtain prices for this work multiple times per year with the inconsistency of work and quality as different vendors participate, this work is outsourced on an annual, renewable contract basis. This process reduces the City's exposure to market forces regarding prices and availability for labor, travel, and supplies in preparation for a scheduled outage. City staff saves considerable time in obtaining quotes, evaluating proposals, preparing specifications, and other procurement documentation.

On February 25, 2014, City Council awarded a contract to Electrical Engineering and Equipment Co., Windsor Heights, Iowa, for motor repairs to be performed as requested from award date through December 31, 2014, in an amount not-to-exceed \$94,000.

This contract has an option for the City to renew in one-year increments for up to four additional years. It is recommended that the agreement be renewed for FY 2016/17. There is a rate provision under this contract that increases rates at fixed percentages above the previous fiscal year contracted rates at time of renewal. The fixed rates for FY 2016/17 include labor increases of 1.5% and travel & subsistence increases of 1%. These increases are in accordance with the contract terms initially established. **This is the third out of four possible renewals.**

The approved FY 2016/17 operating budget for Electric Production includes \$125,000 for this work. Payments will be calculated based on unit prices bid and actual work performed, up to the available budget amount.

ALTERNATIVES:

1. Approve the contract renewal with Electrical Engineering and Equipment Co., Windsor Heights, Iowa, for the Motor Repair Contract for the one-year period from July 1, 2016, through June 30, 2017, in an amount not to exceed \$125,000 and approve the contract and bond.
2. Do not renew the agreement and instruct staff to seek new competitive bids.

MANAGER'S RECOMMENDED ACTION:

This contract is necessary to properly maintain motors and to carry out emergency and scheduled repairs resulting from equipment failures. This contract should achieve a consistent, high quality diagnosis, repair and/or overhaul of a motor, and to return it to good operating condition with a minimum of delay and cost.

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