

COUNCIL ACTION FORM

SUBJECT: BOILER MAINTENANCE SERVICES CONTRACT FOR POWER PLANT

BACKGROUND:

The Electric Utility has two coal-fired, high-pressure steam generation units within the City's Power Plant, referred to as Unit No. 7 and Unit No. 8. These units require regular professional maintenance and repair consisting of both emergency and planned repairs and service. Services included in this scope are primarily associated with a variety of boiler and pressure vessel maintenance, including structural steel and pressure vessel repair.

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.

The Power Plant currently has a Power Plant Maintenance Services Contract in place with ProEnergy Services LLC which includes a wide range of services. Services include large variety of boiler and pressure vessel maintenance and repairs, structural steel, and high pressure piping work. Staff has been utilizing this contract the last three years to meet the Power Plant's boiler maintenance needs.

Staff has determined that it is in the best interest of the Power Plant to separate the current contract into two separate contracts – a general Power Plant Maintenance Services Contract, and a Boiler Maintenance Repair Contract. The current contractor does an excellent job performing the general power plant maintenance work, but has some difficulty in performing the “pressurized” work required for boiler maintenance. A separation of work under two different contracts would guarantee quality repair craftsmanship for important high performance and high pressure boiler parts that are required to maximize plant runtime and prevent unplanned plant outages. To be clear, the City will continue to utilize the existing contract with ProEnergy Services LLC for general power plant maintenance. This new bid will be only for specialized boiler maintenance services.

The approved FY2016/17 Power Plant operating budget for Electric Production includes \$200,000 for the existing contract. A portion of this will be used to fund the new contract. Invoices will be based on contract rates for time and materials for services actually received.

ALTERNATIVES:

1. Approve preliminary plans and specifications for the Boiler Maintenance Services Contract for Power Plant, and set December 21, 2016 as the due date for bids and January 10, 2017 as the date of public hearing and award of contract.
2. Direct staff to continue to utilize the Power Plant Maintenance Services Contract to meet the Power Plant's boiler maintenance needs.

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 #1 as stated above.