

**COUNCIL ACTION FORM**

**SUBJECT: ELECTRICAL MAINTENANCE SERVICES CONTRACT FOR POWER PLANT CONTRACT RENEWAL**

**BACKGROUND:**

Electric Services' two high-pressure steam turbine electric generating units within the Power Plant are referred to as Unit No. 7 and Unit No. 8. These units require regular professional maintenance and repair. This consists of emergency service, as well as regularly planned repairs and services during scheduled outages. The repair of these generating units requires professional trade crafts such as boilermakers, electricians/control techs, steam/pipe fitters, and millwrights, to list a few. The units operate under environmental conditions with high heat and high pressure.

Due to these operational conditions, numerous circuit breakers, relays and electrical circuits are necessary to safely and reliably operate the Power Plant. All of this equipment must be professionally maintained, serviced, adjusted, repaired, and rebuilt. Specially trained personnel perform this work.

On June 14, 2016, Council awarded a contract to Tri-City Electric Company of Iowa, Davenport, IA, for the Electrical Maintenance Services Contract for Power Plant. These services were to be furnished as requested from July 1, 2016 through June 30, 2017, in an amount not-to-exceed \$97,000.

This contract included the option for the City to renew in one-year increments for up to four additional years. Staff is recommending the renewal of the agreement for FY 2017/18. 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 annual rate increases are 3.5% for Labor and 3.5% for Travel & Subsistence. These increases are 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 FY 2017/18 Power Plant operating budget includes \$140,000 for 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 Tri-City Electric Company of Iowa, Davenport, IA, for the Electrical Maintenance Services Contract for Power Plant for the one-year period from July 1, 2017, through June 30, 2018, and approve the contract and bond. Total work in FY 2017/18 shall be an amount not to exceed \$140,000.
2. Do not renew the agreement and direct staff to seek new competitive bids.

**MANAGER'S RECOMMENDED ACTION:**

This work is necessary to properly maintain relays, circuit breakers and electrical circuits and to carry out emergency and scheduled repairs resulting from equipment failures. This contract would establish rates for service and provide for guaranteed availability, thereby setting in place known rates for service and controlling the Plant's costs. 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.