

COUNCIL ACTION FORM

SUBJECT: POWER PLANT VALVE MAINTENANCE SERVICES CONTRACT

BACKGROUND:

The Power Plant's two coal-fired, high-pressure steam generation units 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.

Even though the City currently has an annual renewable contract in place with Dowco Valve for these services, staff is recommending that the existing contract not be renewed. Staff believes more competitive bids could be secured through rebidding these services at this time rather than taking advantage of the second of four renewal options.

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 FY2017/18 Power Plant operating budget includes \$110,000 for this 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 Valve Maintenance, Related Services and Supplies Contract for Power Plant, and set June 28, 2017 as the

due date for bids and July 11, 2017 as the date of public hearing and award of contract.

2. Direct staff to renew the contract with the existing contractor.
3. 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. Rebidding these services now will hopefully secure more competitive bids for these services.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1 as stated above.