

**COUNCIL ACTION FORM**

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

**BACKGROUND:**

On May 23, 2017, City Council approved preliminary plans and specifications for the Valve Maintenance, Related Services and Supplies Contract for Power Plant. The Electric Utility's two natural gas-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, 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 initial contract is to provide valve maintenance services for the period from contract and bond approval date through June 30, 2018. The contract also 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 eighteen 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 three plan rooms.

**On June 28, 2017, three bids were received as shown on the attached report.**

The attached Base Case Scenario shows a cost evaluation based on a sampling of personnel, equipment, and associated travel/per diem that the Power Plant requires for successful fulfillment for typical work scenarios performed on this service contract. The scenarios are: two trips of one day durations, two trips of five day durations, and one trip of three day duration. Based on this analysis, the low bidder is Dowco Valve Company in the amount of \$38,462 with the second low bidder, Pioneer Industrial Corporation, coming in at \$41,056.

**Staff is concerned about awarding a contract to the apparent low bidder because of contract administration problems Dowco presented while holding the contract during the last two years. Due to these issues, staff has concluded that it would be in the City's best interest to not award the contract to this company.**

City staff has concluded that awarding this contract to the second apparent low bidder Pioneer Industrial Corp, Hastings, Nebraska is in the best interest of the City. Staff

contacted several references including Mid American Energy, Kansas City Power and Light, Cargill Incorporated and City Utilities of Springfield Mo. All the references were very positive about the level of customer service, quality, and professionalism Pioneer Industrial Corp has provided them.

**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) City staff time saving in obtaining quotes, evaluating bids, and preparing specifications and other procurement documentation.

**Because the approved FY2017/18 Power Plant operating budget includes \$110,000 for this service, the staff is recommending that the contract be approved at a cost not to exceed the budgeted amount. Invoices will be based on contract rates for time and materials for services actually performed.**

#### **ALTERNATIVES:**

1. Award the contract for the Valve Maintenance, Related Services and Supplies Contract to Pioneer Industrial Corp, Hastings, NE, for hourly rates and unit prices bid, in an amount not-to-exceed \$110,000.

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. Award the contract for the Valve Maintenance, Related Services to one of the other bidders.
3. 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.



**2017-172 VALVE MAINTENANCE, RELATED SERVICES AND SUPPLIES CONTRACT FOR POWER PLANT BID SUMMARY**

**Pioneer Industrial  
Hastings, NE**

**Dowco Valve Company Inc  
DeWitt, IA**

**Allied Valve, Inc  
Bettendorf, IA**

LABOR AND RELATED COSTS									
DESCRIPTION	HOURLY RATES			HOURLY RATES			HOURLY RATES		
	STRAIGHT TIME	OVERTIME	DOUBLE TIME	STRAIGHT TIME	OVERTIME	DOUBLE TIME	STRAIGHT TIME	OVERTIME	DOUBLE TIME
Foreman	\$65.00	\$97.50	\$130.00	\$71.00	\$99.00	\$120.00	\$125.00	\$156.00	\$210.00
Journeyman	\$65.00	\$97.50	\$130.00	\$71.00	\$99.00	\$120.00	\$115.00	\$145.00	\$210.00
Valve Technician	\$65.00	\$97.50	\$130.00	\$67.00	\$94.00	\$115.00	\$82.00	\$115.00	\$140.00
Instrument Technician Actuators	\$90.00	\$135.00	\$180.00	\$110.00	\$163.00	\$185.00			
TRAVEL & SUBSISTENCE									
DESCRIPTION	RATE			RATE			RATE		
Subsistence:	\$40.00 + Hotel, Add 15% to Hotel Charges (Estimated Hotel:\$140.00/room per night)			\$50.00 Meals + \$125.00 Motel Estimate + \$175.00					
Foreman	\$180.00			\$175.00			\$60.00		
Journeyman	\$180.00			\$175.00			\$60.00		
Valve Technician	\$180.00			\$175.00			\$60.00		
<b>Travel and Mileage:</b>	Regular Hours of Travel non OT/DT			Monday - Friday No OT					
Foreman travel	\$65.00			\$71.00			\$70.00 ST/HR \$90.00 SAT+OT \$130.00 HOL		
Foreman mileage	\$1.00			\$1.05			\$70.00 ST/HR \$90.00 SAT+OT \$130.00 HOL		
Journeyman travel	\$65.00			\$71.00			\$70.00 ST/HR \$90.00 SAT+OT \$130.00 HOL		
Journeyman mileage	\$1.00			\$1.05			\$70.00 ST/HR \$90.00 SAT+OT \$130.00 HOL		
Valve Technician travel	\$65.00			\$67.00			\$70.00 ST/HR \$90.00 SAT+OT \$130.00 HOL		
Valve Technician mileage	\$1.00			\$1.05			\$70.00 ST/HR \$90.00 SAT+OT \$130.00 HOL		
<b>Deliveries:</b>									
Travel	\$65.00			\$67.00			\$60.00		
Mileage	\$1.00 / mile			\$1.05 / mile			\$1.00 / mile		
EQUIPMENT									
DESCRIPTION	PER DAY	PER WEEK		PER DAY	PER WEEK		PER DAY	PER WEEK	
Mobile shop trailer	\$400.00	\$2,000.00		\$350.00	\$1,835.00		\$500.00	\$2,500.00 (7 days)	
Packing extractor	\$250.00	\$1,250.00		\$200.00	\$1,050.00		\$125.00	\$0.00	
Truck	\$100.00	\$500.00		\$50.00	\$265.00		\$150.00	\$1,050.00 (7 days)	
Hydro set testing device	\$150.00	\$750.00		\$300.00	\$1,575.00		\$0.00	\$0.00	
Electronic valve tester	\$200.00	\$1,000.00		\$350.00	\$1,835.00		\$550.00	\$0 (day only)	
Gate valve machine	SEE BELOW	SEE BELOW		\$475.00	\$2,490.00		\$495.00	\$0 (day only)	
Reseating machine	\$500.00	\$2,500.00		\$475.00	\$2,490.00		\$1,000.00	\$0 (day only)	
Valve bore honing tool	\$500.00	\$2,500.00		\$475.00	\$2,490.00		\$750.00	\$0 (day only)	
Gate valve machine (1 1/2" to 14" valve size)	\$400.00	\$2,000.00		\$350.00	\$1,835.00		\$495.00	\$0 (day only)	
Gate valve machine (8" to 30 valve size)	\$525.00	\$2,625.00		\$475.00	\$2,490.00		\$495.00	\$0 (day only)	
<b>MATERIAL COSTS</b>	Cost plus 20%			Cost plus 20%			Cost plus 25%		
OTHER RATES									
DESCRIPTION	RATE			RATE			RATE		
Shop truck mileage	\$1.00			\$1.05/mile			\$1.00/mile		
Mobile shop trailer mileage	\$1.00			\$1.05/mile			\$2.00/mile		
Safety Equipment				\$15.00 per man per day					
Consumables				5% of labor hours x regular hourly					
PRICE INCREASE ESCALATORS FOR ANNUAL RENEWAL TERMS									
Labor Rates:	3%			3%			3%		
Travel & Subsistence:	2%			2%			3%		
Equipment & Tools:	1%			1%			0%		

	Dowco Valve Co, Inc Hastings, MN	Pioneer Industrial Corp Hastings, NE	Allied Valve, Inc Bettendorf, IA
<b>2 Each - 1 Day Trips</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
Valve Technician x 1	\$536.00	\$520.00	\$656.00
Travel Time	\$376.54	\$468.00	\$417.90
Travel Mileage	\$344.40	\$458.00	\$390.00
Truck x 1	\$50.00	\$100.00	\$150.00
Travel	\$344.40	\$458.00	\$390.00
<b>SUBTOTAL:</b>			
1 Day Trip Total:	\$1,651.34	\$2,004.00	\$2,003.90
<b>2 Each - 1 Day Trip Total:</b>	<b>\$3,302.68</b>	<b>\$4,008.00</b>	<b>\$4,007.80</b>

	Total	Total	Total
<b>2 Each - 5 Day Trip</b>			
Foreman x 1	\$2,840.00	\$2,600.00	\$5,000.00
Travel Time	\$399.02	\$468.00	\$417.90
Travel Mileage	\$344.40	\$458.00	\$390.00
Per-Diem	\$700.00	\$720.00	\$240.00
Valve Technician x 2	\$5,360.00	\$5,200.00	\$6,560.00
Travel Time	\$753.08	\$936.00	\$835.80
Travel Mileage	\$688.80	\$916.00	\$780.00
Per-Diem	\$1,400.00	\$1,440.00	\$480.00
Truck x 1	\$250.00	\$500.00	\$750.00
Travel	\$344.40	\$458.00	\$390.00
<b>SUBTOTAL:</b>			
5 Day Trip Total:	\$13,079.70	\$13,696.00	\$15,843.70
<b>2 Each - 5 Day Trip Total:</b>	<b>\$26,159.40</b>	<b>\$27,392.00</b>	<b>\$31,687.40</b>

	Total	Total	Total
<b>1 Each - 3 Day Trip</b>			
Foreman x 1	\$1,704.00	\$1,560.00	\$3,000.00
Travel Time	\$399.02	\$468.00	\$417.90
Travel Mileage	\$344.40	\$458.00	\$390.00
Per-Diem	\$350.00	\$360.00	\$120.00
Valve Technician x 2	\$3,216.00	\$3,120.00	\$3,936.00
Travel Time	\$753.08	\$936.00	\$417.90
Travel Mileage	\$688.80	\$916.00	\$780.00
Per-Diem	\$1,050.00	\$1,080.00	\$360.00
Truck x 1	\$150.00	\$300.00	\$450.00
Travel	\$344.40	\$458.00	\$390.00
<b>SUBTOTAL:</b>			
3 Day Trip Total:	\$8,999.70	\$9,656.00	\$10,261.80
<b>GRAND TOTAL:</b>	<b>\$38,461.78</b>	<b>\$41,056.00</b>	<b>\$45,957.00</b>