

**COUNCIL ACTION FORM**

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

**BACKGROUND:**

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.

On September 12, 2017, City Council awarded a contract to Pioneer Industrial Corporation, Hastings, NE, for the Valve Maintenance, Related Services and Supplies Contract to be furnished as requested from award date through June 30, 2018. The contract was in an amount not-to-exceed \$110,000. On June 26, 2018, City Council approved renewal of the contract for FY 2018/19 in an amount not to exceed \$60,000. One change order was approved by City Council on February 26, 2019, adding \$16,000 to the current year contract.

The contract has the option for the City to renew in one-year increments for up to four additional years. Staff recommends renewing the agreement for FY 2019/2020. **This would be the second renewal out of four maximum.** The contract's rate provision increases rates at fixed percentages above the previous fiscal year's contracted rates at time of renewal. The annual rate increases are: 3% for Labor, 2% Travel & Subsistence and 1% on Equipment and Tools. **The FY 2019/2020 rates are shown on Attachment 1. Invoices are based on unit prices bid and actual services performed.**

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 2019/2020 Power Plant operating budget includes \$65,000 for these services. Invoices will be based on contract rates for time and materials for services actually received.

**ALTERNATIVES:**

1.
  - a. Approve renewal of the contract with Pioneer Industrial Corporation, Hastings, NE, for the Valve Maintenance, Related Services and Supplies Contract for the one-year period from July 1, 2019, through June 30, 2020, in an amount not to exceed \$65,000. Invoices are based on unit prices bid and actual services performed.
  - b. Approve contract and bond for the Valve Maintenance, Related Services and Supplies contract for Power Plant.
2. Do not renew the agreement and instruct staff to seek new competitive bids.

**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 No. 1 as stated above.

2017-172 VALVE MAINTENANCE, RELATED SERVICES AND SUPPLIES CONTRACT FOR POWER PLANT FY 2019-20

Contractor: Pioneer Industrial Corporation, Hastings, NE

LABOR AND RELATED COSTS	FY 2018-19 RATES			FY 2019-20 RATES		
DESCRIPTION	STRAIGHT TIME	OVERTIME	DOUBLE TIME	STRAIGHT TIME	OVERTIME	DOUBLE TIME
Foreman	\$ 66.95	\$ 100.43	\$ 133.90	\$ 68.96	\$ 103.44	\$ 137.92
Journeyman	\$ 66.95	\$ 100.43	\$ 133.90	\$ 68.96	\$ 103.44	\$ 137.92
Valve Technician	\$ 66.95	\$ 100.43	\$ 133.90	\$ 68.96	\$ 103.44	\$ 137.92
Instrument Technician Actuators	\$ 92.70	\$ 139.05	\$ 185.40	\$ 95.48	\$ 143.22	\$ 190.96
<b>TRAVEL &amp; SUBSISTENCE</b>						
<b>DESCRIPTION</b>	<b>FY 2018-19 RATES</b>			<b>FY 2019-20 RATES</b>		
<b>Subsistence:</b>						
Foreman	\$ 183.60		\$ 183.60	\$ 187.27		\$ 187.27
Journeyman	\$ 183.60		\$ 183.60	\$ 187.27		\$ 187.27
Valve Technician	\$ 183.60		\$ 183.60	\$ 187.27		\$ 187.27
<b>Travel and Mileage:</b>						
	Regular Hours of Travel non OT/DT			Regular Hours of Travel non OT/DT		
Foreman travel	\$ 66.30		\$ 66.30	\$ 67.63		\$ 67.63
Foreman mileage	\$ 1.02		\$ 1.02	\$ 1.04		\$ 1.04
Journeyman travel	\$ 66.30		\$ 66.30	\$ 67.63		\$ 67.63
Journeyman mileage	\$ 1.02		\$ 1.02	\$ 1.04		\$ 1.04
Valve Technician travel	\$ 66.30		\$ 66.30	\$ 67.63		\$ 67.63
Valve Technician mileage	\$ 1.02		\$ 1.02	\$ 1.04		\$ 1.04
<b>Deliveries:</b>						
Travel	\$ 66.30		\$ 66.30	\$ 67.63		\$ 67.63
Mileage	\$ 1.02		\$ 1.02	\$ 1.04		\$ 1.04
<b>EQUIPMENT</b>						
<b>DESCRIPTION</b>	<b>FY 2018-19 RATES</b>		<b>FY 2019-20 RATES</b>			
	<b>PER DAY</b>	<b>PER WEEK</b>		<b>PER DAY</b>	<b>PER WEEK</b>	
Mobile shop trailer	\$ 404.00	\$ 2,020.00		\$ 408.00	\$ 2,040.00	
Packing extractor	\$ 252.50	\$ 1,262.50		\$ 255.00	\$ 1,275.00	
Truck	\$ 101.00	\$ 505.00		\$ 102.00	\$ 510.00	
Hydro set testing device	\$ 151.50	\$ 757.50		\$ 153.00	\$ 765.00	
Electronic valve tester	\$ 202.00	\$ 1,010.00		\$ 204.00	\$ 1,020.00	
Gate valve machine	SEE BELOW	SEE BELOW		SEE BELOW	SEE BELOW	
Reseating machine	\$ 505.00	\$ 2,525.00		\$ 510.00	\$ 2,550.00	
Valve bore honing tool	\$ 505.00	\$ 2,525.00		\$ 510.00	\$ 2,550.00	
Gate valve machine (1 1/2" to 14" valve size)	\$ 404.00	\$ 2,020.00		\$ 408.00	\$ 2,040.00	
Gate valve machine (8" to 30 valve size)	\$ 530.25	\$ 2,651.25		\$ 535.50	\$ 2,678.00	
<b>MATERIAL COSTS</b>						
	Cost plus 20%			Cost plus 20%		
<b>OTHER RATES</b>						
<b>DESCRIPTION</b>	<b>RATE</b>			<b>RATE</b>		
Shop truck mileage	\$1.02			\$1.04		
Mobile shop trailer mileage	\$1.02			\$1.04		
Safety Equipment						
Consumables						
<b>PRICE INCREASE ESCALATORS FOR ANNUAL</b>						
Labor Rates:	3%			3%		
Travel & Subsistence:	2%			2%		
Equipment & Tools:	1%			1%		