

COUNCIL ACTION FORM

SUBJECT: POWER PLANT MOTOR REPAIR CONTRACT – CONTRACT RENEWAL

BACKGROUND:

The City's Power Plant has two natural gas-fired, high-pressure steam turbine electric generating units which are referred to as Units No. 7 and 8. These units require regular professional maintenance and repair. The units operate under environmental conditions with high heat and high pressure.

Due to these operational conditions, numerous motors are necessary to safely and reliably operate the Power Plant. All this equipment must be professionally maintained, serviced, adjusted, repaired, and rebuilt. **Rather than bid and get prices for this work multiple times per year with the inconsistency of work and quality as different vendors participate, this work is outsourced to one company on an annual renewable contract basis.**

On June 12, 2018, City Council awarded the Motor Repair Contract for the City's Power Plant to Electrical Engineering and Equipment Company, Windsor Heights, Iowa. This contract has the option for the City to renew in one-year increments for up to four additional years. **The period from July 1, 2021 through June 30, 2022, is the third of the four-renewal periods subject to Council approval of funding for motor repairs.**

The contract's rate provision increases of 1.5% per year for labor rates and 1% per year for travel and subsistence. Materials may be provided by the contractor at contractor's cost plus 20%. A comparison of prior rates and the proposed FY 2021/22 rates is shown on Attachment 1.

Having a motor repair contract reduces the City's exposure to market forces regarding prices and availability for labor, travel, and supplies in preparation for a scheduled outage. City staff will save considerable time obtaining quotes, evaluating proposals, and preparing specifications and other procurement documentation.

The approved FY 2021/22 Power Plant operating budget includes \$35,000 for this contract. Invoices would be calculated on unit prices bid and actual work performed. **Since the contract has been approved by the City Council in the past, future contract renewals, no matter the amount, must also be approved by City Council.**

ALTERNATIVES:

1. a. Approve contract renewal with Electrical Engineering and Equipment Co., Windsor Heights, Iowa, for Motor Repair for the one-year period from July 1,

2021 through June 30, 2022.

- b. Approve bond with Electrical Engineering and Equipment Company of Iowa in the amount of \$35,000.
2. Reject the renewal option and instruct staff to seek new competitive bids for motor maintenance services.

CITY MANAGER'S RECOMMENDED ACTION:

This contract is necessary to properly maintain motors and to carry out emergency and scheduled repairs resulting from equipment failures. This contract should achieve a consistent, high quality diagnosis, repair, and/or overhaul of a motor to assure the good operating condition of the equipment with minimum delay and cost.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.



2018-144 Motor Repair Contract for Power Plant Bid

Contractor: Electrical Engineering and Equipment Co. Windsor Heights, IA

	FY 2018-29 Rates	FY 2019-20 Rates	FY 2020-21 Rates	FY 2021-22 Rates
IN SHOP S.T.	\$74.25	\$75.36	\$76.49	\$77.64
IN SHOP O.T.	\$111.60	\$113.27	\$114.97	\$116.70
IN SHOP D.T	\$148.50	\$150.73	\$152.99	\$155.28
INSHOP SOLID STATE REPAIR	\$93.50	\$94.90	\$96.33	\$97.77
IN SHOP BALANCING, first hour	\$128.70	\$130.63	\$132.59	\$134.58
IN SHOP PRESSWORK	\$93.50	\$94.90	\$96.33	\$97.77
OUTSIDE S.T.	\$93.50	\$94.90	\$96.33	\$97.77
OUTSIDE O.T.	\$146.63	\$148.83	\$151.06	\$153.33
OUTSIDE D.T.	\$195.50	\$198.43	\$201.41	\$204.43
ON SITE SOLID STATE REPAIR, TROUBLE SHOOTING, PM'S	\$93.50	\$94.90	\$96.33	\$97.77
OT	\$146.63	\$148.83	\$151.06	\$153.33
DT	\$195.50	\$198.43	\$201.41	\$204.43
ON SITE VIBRATION ANALYSIS AND BALANCING	\$93.50	\$94.90	\$96.33	\$97.77
OT	\$146.63	\$148.83	\$151.06	\$153.33
DT	\$195.50	\$198.43	\$201.41	\$204.43
Mileage	\$0.98 / mile	\$1.00 /mile	\$1.00 /mile	\$1.00 /mile

Contractor: Electrical Engineering and Equipment Co. Windsor Heights, IA

CRAFT TRAVEL	\$91.59	\$92.51	\$93.43	\$94.37
MATERIAL COSTS:	Cost Plus 20%	Cost Plus 20%	Cost Plus 20%	Cost Plus 20%

Proposed Price Increase for Renewal Periods:

Labor Rates:	1.5% per year	
Travel & Subsistence:	1% per year	

*** All labor rates listed above are per hour**