

ITEM # 21
DATE April 22, 2008

COUNCIL ACTION FORM

**SUBJECT: APPROVAL OF PLANS AND SPECIFICATIONS AND NOTICE TO
BIDDERS FOR POWER PLANT BOILER MAINTENANCE AND REPAIR
CONTRACT**

BACKGROUND:

The City of Ames Electric Utility has two coal-fired boilers, with high-pressure steam generation units within the Power Plant. The units require regular professional maintenance and repair. This consists of emergency as well as regularly scheduled planned repairs and service during scheduled outages. The repair of the boilers on these generation units requires professional trade crafts such as boilermakers, steam/pipe fitters, and millwrights to list a few. The boiler units operate under environmental conditions with high heat and high pressure. The professional crafts are certified to install and repair the high-pressure vessel and tube equipment and other apparatus of the boiler units. The most important aspect of this work is to provide the dependable high pressure certified welds, required by State code.

Prior to 2006, emergency boiler repairs involved calling in a contractor to make the necessary repairs when needed. In preparation for scheduled outages, the Power Plant staff would seek quotes for specific tasks. However, the extent of work required is not known until the boiler is shut down and inspected. This method of contracting for services required Power Plant staff to expend a great deal of time securing contractors and left the City exposed to market conditions regarding prices and availability of labor, travel, and supplies.

This proposed contract serves the purpose of locking in one vendor for a 12-month period with known rates for labor, materials, and travel. Due to changes in the Iowa Code this procurement, must now be handled as a public improvement project. Bidders must provide a bid bond, rates for labor and supplies, and the awarded bidder must provide a performance bond in an amount equal to the value of the contract, estimated to be \$1,100,000 for the coming fiscal year. This bid will be handled in a two-step process with potential firms being required to submit an extensive set of pre-qualification documents prior to the second step, of approved bidders submitting cost proposals.

Included in the FY 2008/09 Operation Budget is \$1,145,000 from the Electric Utility Fund for work on this contract. This contract has the option for renewal periods in one-year terms with inflation escalators, and subject to approval by the City Council.

Upon City Council approval and receipt of favorable bids, the specifications call for the contract term to begin on July 1, 2008.

ALTERNATIVES:

1. Approve the plans and specifications for the Electric Services Department Boiler Maintenance and Repair Contract. Set May 15, 2008, as the bid due date and May 27, 2008, as the date of hearing and award of contract.
2. Do not approve the specifications and drawings at this time.

MANAGER'S RECOMMENDED ACTION:

This bid process is necessary to ensure that a qualified professional firm will respond to both scheduled and emergency needs for boiler repair and maintenance at the Power Plant. By having a repair and maintenance contract in place with a qualified firm, the City will save money and downtime by not having to negotiate contract terms each time a repair job or routine maintenance work is needed.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, approving the plans and specifications for the Electric Services Department Boiler Maintenance and Repair Contract. Set May 15, 2008, as the bid due date and May 27, 2008, as the date of hearing and award of contract.