

ITEM # 34
DATE June 10, 2008

COUNCIL ACTION FORM

**SUBJECT: AWARD OF CONTRACT FOR THE POWER PLANT BOILER REPAIR
AND MAINTENANCE CONTRACT**

BACKGROUND:

The City of Ames Electric Utility has two coal-fired boilers with high-pressure steam generation units within the City of Ames 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 was not known until the boiler was 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 was handled in a two-step process with potential firms being required to first submit an extensive set of pre-qualification documents, with approved bidders then submitting cost proposals.

On May 15, 2008, the City received bids from two firms which had been evaluated as pre-qualified to submit cost proposals. Electric Services staff is now recommending that the City Council award the contract to Plibrico Company, LLC, Omaha, NE, for work on this contract. Plibrico Company has a solid record of performing work of this type at the power plant. Both qualified firms submitting proposals had solid industry backgrounds and staff believes either firm would have been capable of providing service to the Power Plant. However, the bid from Enerfab, Inc., Kansas City, MO, contained some exceptions to the City's terms which made it impossible to evaluate prices for the first year of the contract. Specifically, Enerfab took exception to firm pricing contract terms,

the most significant of which was the lack of firm pricing on the labor costs for an entire 12-month period. The bid from Plibrico Company had no exceptions.

Included in the FY 2008/09 Operation Budget is \$1,145,000 from the Electric Utility Fund for work on this contract. The cost of labor under this contract is \$423,056 based on the estimated hours that services will be needed. The balance of the budget will be available for emergency situations not anticipated in the estimated hours and miscellaneous materials. This contract has the option for renewal periods in one- year terms, subject to approval by the City Council.

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

ALTERNATIVES:

1. Award a contract for the Electric Services Department Power Plant Boiler Maintenance & Repair Contract to Plibrico Company, LLC, Omaha, NE, based on time & material rates in an amount not to exceed \$1,100,000.
2. Reject all bids and delay the Electric Services Department Power Plant Boiler Maintenance & Repair Contract.

MANAGER'S RECOMMENDED ACTION:

This work is necessary to ensure that a qualified professional firm will respond to both scheduled and emergency needs for boiler repair and maintenance, and controls costs by having established billing rates.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, awarding a contract for the Electric Services Department Power Plant Boiler Maintenance & Repair Contract to Plibrico Company, LLC, Omaha, NE, based on time & material rates in an amount not to exceed \$1,100,000.