

COUNCIL ACTION FORM

SUBJECT: RENEWAL OF CONTRACT FOR VALVE MAINTENANCE, TESTING, REPAIR, REPLACEMENT, AND RELATED SERVICES & SUPPLIES FOR CITY OF AMES POWER PLANT BOILERS

BACKGROUND:

The City of Ames Electric Utility has two coal-fired boiler, high-pressure steam, generation units within the Power Plant. These units are referred to as Unit #7 and Unit #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. 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.

Due to these operational conditions, numerous valves are used for the Power Plant to operate. 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.

The City's emergency repair procedure, in the past, was to call in contractors to perform the needed valve service on any day at any hour. This often left the City exposed to market forces regarding prices and availability for labor, travel, and supplies. In preparation for a scheduled outage, the Power Plant staff would seek quotes for these specific tasks. However, the extent of work required is not known until the boiler is shut down and inspected. This process required staff to expend a great deal of time contracting for these services. This contract has provided a remedy for these problems, setting in place known rates for service and guaranteed availability and thereby controlling costs. The Power Plant is billed on a time and materials basis under the contract.

On December 19, 2006, Council awarded a contract to Ferguson Process Services, Canon Falls, MN, for valve maintenance, testing, repair, replacement, and related services & supplies to be furnished as requested through June 30, 2007. The contract contained two optional twelve-month renewal periods. It was the intent of the Power Plant staff to find qualified professional firms that could handle the needs of the Plant, respond to emergencies in a four-hour time frame, and deliver the services at the lowest possible cost to the City. One goal of a long-term contract is to reduce costs by securing rates for labor, travel, equipment, and materials. Another goal is to make optimal use of staff time in securing these services. The Electric Utility staff believes these goals are being achieved through the arrangement with Ferguson Process Services.

The approved FY 2008/2009 operating budget for Electric Production includes \$90,000 for miscellaneous services to be performed under this contract. The contract includes the option to renew in one-year terms. This would be the final renewal period, subject to approval by the City Council.

ALTERNATIVES:

1. Renew the contract for valve maintenance, testing, repair, replacement, and related services & supplies, with Ferguson Process Services, Cannon Falls, MN, in an amount not to exceed \$90,000. Services would be provided through June 30, 2009, as requested by Electric Services, and billed on a time and material basis.
2. Reject all proposals and purchase valve repair and maintenance services on an as-needed basis.

MANAGER'S RECOMMENDED ACTION:

This work is necessary to properly maintain the steam turbine generators and to carryout emergency and scheduled repairs resulting from equipment failures.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, renewing the contract for valve maintenance, testing, repair, replacement, and related services & supplies, with Ferguson Process Services, Cannon Falls, MN, in an amount not to exceed \$90,000.