

COUNCIL ACTION FORM

SUBJECT: VALVE MAINTENANCE, TESTING, REPAIR, REPLACEMENT, AND RELATED SERVICES & SUPPLIES FOR POWER PLANT BOILERS

BACKGROUND:

The City of Ames Electric Utility has two coal-fired boiler, high-pressure steam, generation units within the City of Ames Power Plant. These units are referred to as Unit No. 7 and Unit No. 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 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 December 19, 2006, City Council awarded a contract to a service provider 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 contract to identify qualified professional firms that could handle the needs of the Power Plant, respond to emergencies in a four-hour time frame, and deliver the services at the lowest possible cost to the City. One of the goals 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 that these goals have been achieved through this contract over the last three years.

Prior to December 19, 2006, the City's emergency repair procedure 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, Power Plant staff would seek quotes for these specific tasks. The extent of work required though was not known until the boiler was shut down and inspected. As a result, a great deal of time was expended by staff to contract for these services.

The 2006 contract was awarded prior to the new Iowa Bid Law, which became effective

January 1, 2007. This law requires that repair and maintenance of public improvements be bid according to those provisions. The proposed contract would meet the intent of that law while continuing procurement of these services through a contract which would remedy the problems associated with purchasing on an as-needed basis. It would establish rates for service and provide for guaranteed availability, thereby setting in place known rates for service and guaranteed availability and thereby controlling costs.

The approved FY 2009/2010 operating budget for Electric Production includes \$115,000 for miscellaneous services to be performed under this contract.

ALTERNATIVES:

1. Approve preliminary plans and specifications for the valve maintenance, testing, repair, replacement, and related services & supplies contract, and set May 27, 2009, as the bid due date and June 9, 2009, as the date of hearing and award of contract.
2. 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 carry out emergency and scheduled repairs resulting from equipment failures. It has proven very cost-effective for the Utility to have a company under contract to provide these services in case of an emergency repair or scheduled maintenance event. It has saved staff time, reduced down time and allowed for predictability in terms of quality of work.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the preliminary plans and specifications for the valve maintenance, testing, repair, replacement, and related services & supplies contract, and setting May 27, 2009, as the bid due date and June 9, 2009, as the date of public hearing.