

COUNCIL ACTION FORM

SUBJECT: POWER PLANT MAINTENANCE SERVICES CONTRACT

BACKGROUND:

The Electric Utility has two coal-fired, high-pressure steam generation units within the City's Power Plant, referred to as Unit No. 7 and Unit No. 8. These units require regular professional maintenance and repair. This consists of both emergency and planned repairs and service. Services include a large variety of boiler and pressure vessel maintenance and repairs, structural steel, pump and piping work, coal handling system, coal pulverizer work, and other miscellaneous mechanical Power Plant work.

The repair of the equipment on these generation units requires professional trade crafts such as boilermakers, steam/pipe fitters, and millwrights. The crafts are certified to install and repair high-pressure vessel and piping systems and other apparatus of the generation units. One of the most important aspects of this work is to provide the dependable, high pressure certified repairs and documentation required by State Code.

The City currently has an annual renewable contract in place for these services. This contract is in the final year and expires on June 30, 2013.

Staff recommends that these services continue to be outsourced on an annual renewable contract basis. The benefits of having a contract for these services in place include the following:

- 1) Consistency of work and quality from a single contractor.**
- 2) Reduction in the City's exposure to market forces regarding prices and availability for labor, travel, and supplies in preparation for a scheduled outage.**
- 3) Rapid contractor mobilization to start emergency repairs, thus reducing generation downtime.**
- 4) Saved City staff time obtaining quotes, evaluating bids and preparing specifications and other procurement documentation.**

The approved FY2013/14 Power Plant operating budget includes \$550,000 for this contract. Invoices will be based on contract rates for time and materials for services actually received.

ALTERNATIVES:

- 1.** Approve preliminary plans and specifications for the Power Plant maintenance services contract, and set May 1, 2013 as the due date for bids and May 14, 2013 as the date of public hearing and award of contract.

2. Purchase Power Plant maintenance services on an as-needed basis.

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 will also control costs by having established billing rates. Funds will be expended only as work is required and in accordance with approved invoices.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1 as stated above.