

COUNCIL ACTION FORM

SUBJECT: WAIVER OF PURCHASING POLICY FOR POWER PLANT MOTOR REPAIRS

BACKGROUND:

This project is for the repair of five motors during the Unit #8 Overhaul. These motors are located in the basement and sub-basement of the Power Plant and are critical to the operation of the Unit #8 Boiler. The repair of these motors is not directly related to the Unit #8 overhaul project. However, the motor repairs were scheduled to be done during the overhaul project in order to minimize downtime for Unit #8.

These motors were removed and sent to Electrical Engineering & Equipment Company (3E), of Des Moines, Iowa for maintenance. This company was chosen for their close proximity to the plant, ability for a quick turn-around, reputation, cost, past experience, and motor manufacturer's certification. The maintenance work was estimated to cost \$15,000, and consisted of opening, inspecting and cleaning the motors. If anything was found in the inspection to warrant a repair, the facility would then send the City an estimate for consideration.

After inspection, 3E found that two of the motors need significant repair work. Their estimate (inclusive of all costs for maintenance on all five motors and recommended repairs on two of the motors) is as follows:

1. 800 hp maintenance:	\$ 3,942.43
2. 200 hp maintenance:	\$ 5,801.04
3. 100 hp maintenance:	\$ 1,792.59
4. 300 hp maintenance <u>and repair</u> :	\$ 15,734.00
5. 800 hp maintenance <u>and repair</u> :	\$ <u>32,000.00</u>

Total: \$ 59,270.06

Staff did not anticipate encountering such expensive repairs when the motors were sent out to 3E for maintenance. Since the repair work was not competitively bid, staff subsequently contacted two comparable large motor repair facilities in order to check 3E's repair quote for Item #5 for reasonableness. These other two firms also have the

capabilities and manufacturer certifications to repair these motors. Those quotes for Item 5, based on an expedited repair schedule, were as follows:

JANDA Motor Service, Davenport, IA	\$ 34,000.00
Hupp Electric Motors, Cedar Rapids, IA	\$ 32,713.00

Given the time frame available to complete these repairs, it is apparent that the original 3E quote for Item 5 is competitive.

Section 6.04 D of the City purchasing policies requires that competitive written bids or proposals be solicited for the purchase of materials, equipment, and services having a total cost of \$50,000 or more.

Going out for bids on these motor repairs is not a viable option, since the timing on these repairs is critical to coincide with completion of the Unit #8 Overhaul. Staff is thus requesting that Council waive Section 6.04 D of the City's purchasing policies, based on the following factors:

- 1) The motors must be repaired, returned to the Power Plant, and installed in order to keep the Unit #8 Overhaul on schedule.
- 2) Staff would need to obtain estimates on each of the repairs for Items 1-4 from other repair facilities. The other two companies' cost estimates are based on the repair scope descriptions provided by 3E. Therefore, there is a risk that the estimated repair costs from another repair facility could change once they receive the motors and open up and inspect them for needed repairs.
- 3) The motors are currently disassembled at Electrical Engineering & Equipment Company, so there would be added costs and a risk of delays associated with reassembling and shipping them to another firm.
- 4) Electrical Engineering and Equipment Company is the closest certified large motor maintenance/repair shop to the Ames plant, which reduces travel time and exposure.
- 5) Some of the parts needed for the repair of these motors are considered long lead time parts. That means they must be ordered immediately in order get the motors repaired, returned, and installed in the Power Plant by the required date in order to keep the overhaul on schedule.

The Power Plant Operations & Maintenance budget for Unit #8 Auxiliary Electrical Equipment currently contains \$63,000 to cover the cost of this work.

ALTERNATIVES:

1. Waive Purchasing Policy bidding requirements and award this motor maintenance and repair work to Electrical Engineering & Equipment Company, Des Moines, IA in the amount of \$59,270.06.
2. Do not waive Purchasing Policy bidding requirements and direct staff to competitively bid the maintenance and repair work. This option could increase the risk of delaying the outage.

MANAGER'S RECOMMENDED ACTION:

These motors are critical for the operation of the Unit 8 Boiler. By having Electrical Engineering & Equipment Company continue to work on these motors, the motors will be repaired at a competitive cost and in the shortest time possible in order to have them returned before the end of the Unit #8 Overhaul.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby waiving the Purchasing Policy bidding requirements and awarding this work to Electrical Engineering & Equipment Company of Des Moines, IA in the amount of \$59,270.06.