

COUNCIL ACTION FORM

SUBJECT: ELECTRICAL MAINTENANCE SERVICES CONTRACT FOR POWER PLANT

BACKGROUND:

On April 12, 2016, City Council approved preliminary plans and specifications for the Power Plant's Electrical Maintenance Services Contract. This contract consists of regular professional maintenance and repair to numerous circuit breakers, relays, and electrical circuits located Plant-wide. This contract consists of emergency service, as well as regularly planned repairs and services during scheduled outages.

This contract is to provide electrical maintenance services for the period from July 1, 2016 through June 30, 2017. The contract also includes a provision that would allow the City to renew the contract for up to four additional one-year terms.

Bid documents were issued to fourteen companies. The bid was advertised on the Current Bid Opportunities section of the Purchasing webpage and a Legal Notice was published in the Ames Tribune. The bid was also sent to one plan room.

On May 12, 2016, bids were received from four companies as shown on Attachment A: Bid Summary on the attached Bid Report. Upon the initial evaluation, staff determined that the bid submitted from Midwest Engineering Consultants, LTD, was non-responsive because it did not provide a proposed price increase percentage for renewal periods with the bid. Instead of meeting this requirement, it was stated on the bid that *"MEC rate schedule is reviewed annually and any increase will be presented during the renewal process"*. Since this is a renewable contract, the percentages are a mandatory requirement because they provide a cap on any cost increases for each renewal year.

Attachment B shows a cost evaluation based on a sampling of personnel and associated travel/subsistence that the Power Plant requires for successful fulfillment for a typical work scenario performed on this service contract. That scenario consists of two technicians over a five day period.

Staff conducted a thorough evaluation of the remaining three bids. In evaluating the apparent low bidder, ProEnergy Services, LLC, staff had some concerns.

1. The bidding document specifications state that *"The contractor shall have certified shop capabilities for the rebuilding and testing of low and medium voltage switchgear and breakers."* This provision is very critical for the Power

Plant because we have and will continue to use this contract for testing and rebuilding our multiple breakers and switchgear. This equipment is very important to the Power Plant's operation and needs to be maintained by certified personnel and businesses. **ProEnergy did not demonstrate in their bid that they have adequate certifications to perform the needed rebuilding and testing, including certifications for their employees who will perform the work.**

2. **Staff contacted the references that ProEnergy submitted with their bid and had some concerns based on what was learned.** The first reference staff contacted stated that they used ProEnergy for a job to convert their cooling water system to be more automated. ProEnergy demolished and installed wiring, ran conduit, and wired up RTDs. ProEnergy did not perform any breaker or switchgear testing and/or rebuilding. There were also some issues with logistics which eventually got worked out by the end of the project. The second reference staff contacted stated that they have never used ProEnergy for any electrical maintenance and have only used them for mechanical items. That reference said that they no longer use ProEnergy, but when they did there was some difficulty in getting personnel who were well qualified and that were good workers. Eventually they were able to get good workers.

Based on the certification requirements and references, staff has concluded that it would be in the City's best interest to not award the contract to this company.

Staff compared the remaining two bidders, both over the first year of the contract and over the potential life of the contract if all renewals were approved. In both cases, Tri-City was the lower cost bidder.

City staff has concluded that awarding this contract to the second apparent low bidder, Tri-City Electric Company of Iowa, Davenport, IA, in the not-to-exceed amount of \$97,000 is in the best interest of the City. Tri-City demonstrated in their bid that they have adequate certifications to perform the needed rebuilding and testing, including certifications for their employees performing the work. Additionally, Tri-City holds the existing contract and has done an excellent job in maintaining the Power Plant's electrical equipment.

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) Efficient use of City staff time obtaining quotes, evaluating bids, and preparing specifications and other procurement documentation.

The approved FY 2016/17 operating budget for Electric Production includes \$97,000 for relay and breaker maintenance. Invoices will be based on contract rates for time and materials for services actually received.


ALTERNATIVES:

1. Award a contract for the Electrical Maintenance Services Contract for Power Plant to Tri-City Electric Company of Iowa, Davenport, IA, for hourly rates and unit prices bid, in an amount not-to-exceed \$97,000. The contract includes a provision that would allow the City to renew the contract for up to four additional one-year terms at stated rates.
2. Approve a contract with one of the other bidders.
3. Reject all bids and purchase electrical maintenance services on an as-needed basis.

MANAGER'S RECOMMENDED ACTION:

It is unusual to have two bidders disqualified for being non-responsive and for not having verifiable certifications and qualifications. However, this work is necessary to properly maintain the Power Plant's relays, circuit breakers and electrical circuits and to carry out emergency and scheduled repairs resulting from equipment failures. It is critical that the selected contractor be able to perform the needed services as required.

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

	ITB 2016-148 Electrical Maintenance Services for Power Plant Bid Summary											
	Tri-City Electric Company of Iowa, Davenport, IA			Shermco Industries Dallas, TX			ProEnergy Services, LLC Sedalia, MO			Midwest Engineering Consultants, LTD, Moline, IL		
DESCRIPTION	Hourly Rate (ST)	Hourly Rate (OT)	Hourly Rate (DT)	Hourly Rate (ST)	Hourly Rate (OT)	Hourly Rate (DT)	Hourly Rate (ST)	Hourly Rate (OT)	Hourly Rate (DT)	Hourly Rate (ST)	Hourly Rate (OT)	Hourly Rate (DT)
Supervisor	\$83.30	\$112.75	\$145.00	\$130.00	\$195.00		\$60.00	\$90.00		Non-Responsive. Did not provide proposed price increases percentage for renewal periods with the bid. Bid stated "MEC rate schedule is reviewed annually and any increase will be presented during the renewal process".		
Apprentice	\$33.95	\$44.20	\$55.30				\$35.00	\$52.50				
Foreman	\$79.00	\$108.50	\$140.00				\$55.00	\$82.50				
Journeyman	\$76.00	\$104.25	\$135.00				\$44.00	\$66.00				
Technician	\$90.00	\$115.00	\$150.00	\$120.00	\$180.00		\$50.00	\$75.00				
Technician Level II	\$95.00	\$120.00	\$155.00									
Technician Level III	\$100.00	\$125.00	\$160.00									
Elect. Field Eng	\$125.00	\$150.00	\$180.00									
Sr. Drives & Automation Tech				\$160.00	\$240.00							
Drives & Automation Tech				\$140.00	\$210.00							
ESD Circuit Breaker Shop				\$120.00	\$180.00							
Registered Engineer (PE)				\$160.00	\$240.00							
Electrical Engineer				\$140.00	\$210.00							
P & C Relay / NERC FERC Tech				\$145.00	\$217.50							
Subsistence:	\$145.00 per day			\$35.00 per day			\$110.00 per day for Supervision; \$100.00 per day for Craftsman					
Travel:	\$65.00 per hour			\$105.00 per hour			\$250.00 per mob / \$255.00 per demobe					
Mileage:	\$.75 per mile			\$1.25 per mile			IRS rate per mile					
Material Costs:	Cost Plus 10%			Cost Plus 20 %			Cost Plus 10 %					
Misc. Tools and Equipment Rates												
Relay Test Set	\$60.00/Day, \$240.00/Week, \$720.00/Month			Included in rate								
High Current Test Set	\$80.00/Day, \$320.00/Week, \$960.00/Month											
Electrical Tool Trailer							\$1,350 per week plus \$1,000 mobe/\$1,000 demobe					
Proposed Price Increase for Renewal Periods:												
Labor Rates:	3.5% per year			3% per year			0% per year					
Travel & Subsistence:	3.5% per year			3% per year			0% per year					