

COUNCIL ACTION FORM

SUBJECT: **POWER PLANT MOTOR REPAIR CONTRACT**

BACKGROUND:

The City's Power Plant has two natural gas-fired, high-pressure steam turbine electric generating units which are referred to as Units No. 7 and 8. These units require regular professional maintenance and repair. The units operate under environmental conditions with high heat and high pressure.

Due to these operational conditions, numerous motors are necessary to safely and reliably operate the Power Plant. All this equipment must be professionally maintained, serviced, adjusted, repaired, and rebuilt. **Rather than bid and get prices for this work multiple times per year with the inconsistency of work and quality as different vendors participate, this work is outsourced to one company on an annual renewable contract basis.**

On June 12, 2018, City Council awarded a contract to Electrical Engineering and Equipment Company, Windsor Heights, Iowa, for the Motor Repair Contract for the City's Power Plant for the period from July 1, 2018 through June 30, 2019, in an amount not to exceed \$90,000. During this contract period, the actual amount expensed was \$17,214.43. The current contract period the amount expensed will be less than the budgeted amount of \$20,000. Because the contract was originally bid as a public improvement bid, each renewal, no matter the dollar amount, will follow the purchasing process that is in place and require Council's approval. **The original contract includes a provision that would allow the City to renew the contract for up to four additional one-year terms. The proposed renewal contract for FY 2020/21 would be the second of the four optional terms.**

The bid from Electrical Engineering and Equipment Company included increases of 1.5% per year for labor rates and 1% per year for travel and subsistence. Materials may be provided by the contractor at contractor's cost plus 20%. A comparison of FY 2018/19 and FY 2019/20 rates and the proposed FY 2020/21 rates is shown on Attachment 1.

Having a motor repair contract reduces the City's exposure to market forces regarding prices and availability for labor, travel, and supplies in preparation for a scheduled outage. City staff will save considerable time obtaining quotes, evaluating proposals, and preparing specifications and other procurement documentation.

The approved FY 2020/21 Power Plant operating budget includes \$23,000 for this contract. Invoices would be calculated on unit prices bid and actual work performed, not to exceed the budgeted amount of \$23,000 total.

ALTERNATIVES:

1. a. Approve renewal of the contract for Motor Repair for Power Plant to Electrical Engineering and Equipment Co., Windsor Heights, Iowa, for hourly rates and unit prices bid, in an amount not to exceed \$23,000. Invoices will be based on contract rates and actual work performed.
- b. Approve contract and bond for the Motor Repair Contract for Power Plant.
2. Reject the renewal option and purchase motor maintenance services on an as-needed basis.

CITY MANAGER'S RECOMMENDED ACTION:

This contract is necessary to properly maintain motors and to carry out emergency and scheduled repairs resulting from equipment failures. This contract should achieve a consistent, high quality diagnosis, repair, and/or overhaul of a motor to assure the good operating condition of the equipment with minimum delay and cost.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.