

COUNCIL ACTION FORM

**SUBJECT: POWER PLANT BOILER MAINTENANCE SERVICES CONTRACT—
CHANGE ORDER NO. 1**

BACKGROUND:

The Electric 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 maintenance of these units consists of both emergency and planned repairs and service. Services include a variety of boiler maintenance and repairs, pump and piping repairs, and other miscellaneous mechanical Power Plant work.

On June 22, 2021, Council approved the contract renewal with Plibrico Company LLC, Omaha, NE, for the Power Plant Boiler Maintenance Services Contract, for a one-year period from July 1, 2021, through June 30, 2022, in an amount not to exceed \$315,000. This renewal was the second of four-renewal periods subject to Council approval of funding for boiler maintenance services.

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.
- 3) Rapid contractor mobilization to start emergency repairs, thus reducing power plant downtime.
- 4) Save City staff time preparing specifications, obtaining and evaluating bids, and securing other procurement documentation.

This contract has traditionally been used for all pressure part maintenance and repair. For FY 2020/21, the City had also entered into a Power Plant Maintenance contract with API to provide other maintenance services. **API decided late in the annual renewal process to decline to renew the Power Plant Maintenance contract for FY 2021/22.**

To fill this void, Power Plant staff has been using Plibrico to provide these maintenance services under the rates agreed to in the Boiler Maintenance contract. This in essence had caused all maintenance for the current fiscal year—boiler and general power plant—to be performed under the Plibrico contract. Plibrico's rates for these services were competitively bid when the Boiler Maintenance contract was originally awarded, and were determined to provide the utility with a good value. Staff has evaluated Plibrico's rates compared to API's rates for the work and believes a comparable amount of work can be completed for this contract amount.

Staff is requesting that Council utilize the funds that were budgeted for the Power Plant Maintenance contract (API) to finance an increase in the Power Plant Boiler Maintenance contract (Plibrico). The Power Plant Maintenance contract would then not be sent out to bid for the current fiscal year.

The proper way to accomplish this is through a Change Order to the Plibrico contract. **Change Order No. 1 to the Boiler Maintenance Services Contract will add an additional \$320,000 plus \$22,400 tax to the contract for FY 2021/22. This will bring the total contract amount to \$657,400.** Invoices will be based on contract rates for time and materials for services that are actually performed.

ALTERNATIVES:

1. Approve contract Change Order No. 1 with Plibrico Company LLC, Omaha, NE for the Power Plant Boiler Maintenance Services Contract in the not-to-exceed amount of \$320,000. This will bring the total FY 2020/21 contract value to a not-to-exceed amount of \$657,400.
2. Do not approve the change order. This action will delay performing needed maintenance and repairs.

CITY MANAGER'S RECOMMENDED ACTION:

This work is necessary to ensure that a qualified professional firm will respond to both scheduled and emergency needs for both boiler repair and power plant maintenance services and will also control costs by having established billing rates. Funds will be expended only as work is performed.

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