

COUNCIL ACTION FORM

SUBJECT: POWER PLANT VALVE MAINTENANCE SERVICES CONTRACT

BACKGROUND:

The Electric Utility's two natural gas-fired, high-pressure steam generation units are referred to as Units No. 7 and 8. These units require regular professional maintenance and repair. This consists of emergency service, as well as regularly scheduled planned repairs and services during scheduled outages. Services include a large variety of boiler and pressure vessel maintenance and repairs, structural steel, pump and piping work, and other miscellaneous mechanical Power Plant work.

Due to these operational conditions, numerous valves are used to operate the Power Plant. These include isolation, control, check, relief and safety valves, which must be professionally repaired, tested, installed, replaced and maintained. Specially trained personnel perform this work.

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) City staff time saving in obtaining quotes, evaluating bids, and preparing specifications and other procurement documentation.

This initial contract is to provide valve maintenance services for the period from date of award, May 24, 2022, through June 30, 2023. 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 186 companies. The bid was advertised on AmesBids. On March 11, 2022, bids were received from three firms:

- 1) Novaspect, Schaumburg, IL (service provided from Des Moines location)
- 2) Pioneer Industrial Corp, Kansas City, MO
- 3) Allied Valve Inc., Riverdale, IA

The attached Base Case Scenario shows a cost evaluation based on a sampling of personnel, equipment, and associated travel/per diem that the Power Plant requires for successful fulfillment for typical work scenarios performed on this service contract. The scenarios are: two trips of one day durations, two trips of five-day durations, and one trip of three-day duration. **Based on this analysis, the evaluated low bidder is Pioneer Industrial Corp, Kansas City, MO.**

City staff has concluded that awarding this contract to the apparent low bidder, Pioneer Industrial Corp, Kansas City, MO, is in the best interest of the City. Pioneer Industrial Corporation has bid the project with a 3% annual cost increase for up to five years.

Because the initial contract covers more than 12 months, staff needs to draw from the operating budget for two years. The approved FY 2021/22 Power Plant operating budget includes \$30,000 for this service. The approved FY2022/23 Power Plant operating budget includes \$85,000 for this service. Therefore, staff is recommending that the contract be approved at a cost not to exceed the total budgeted amounts of \$30,000 in FY 2021/22 plus \$85,000 in FY 2022/23. Invoices will be based on contract rates for time and materials for services actually performed.

ALTERNATIVES:

1. Award the contract for the Valve Maintenance, Related Services and Supplies Contract to Pioneer Industrial Corp, Kansas City, MO, for hourly rates and unit prices bid, in an amount not-to-exceed \$115,000.
2. Award the contract for the Valve Maintenance, Related Services and Supplies to one of the other bidders.
3. Reject all bids and purchase valve maintenance services on an as-needed basis.

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 valve maintenance, and it 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.

| | Novaspect Des Moines, IA | Pioneer Industrial Corp Kansas City, MO | Allied Valve Inc. Riverdale, IA |
|-----------------------------------|-------------------------------------|--|--|
| 2 Each - 1 Day Trips | Total | Total | Total |
| Valve Technician x 1 | \$928.00 | \$576.00 | \$880.00 |
| Travel Time | \$116.00 | \$504.00 | \$660.00 |
| Travel Mileage | \$60.00 | \$736.00 | \$555.00 |
| Truck x 1 | \$0.00 | \$150.00 | \$175.00 |
| | | | |
| | | | |
| 1 Day Trip Total: | \$1,104.00 | \$1,966.00 | \$2,270.00 |
| 2 Each - 1 Day Trip Total: | \$2,208.00 | \$3,932.00 | \$4,540.00 |

| | | | |
|-----------------------------------|--------------------|--------------------|--------------------|
| 2 Each - 5 Day Trip | Total | Total | Total |
| Foreman x 1 | \$6,240.00 | \$3,320.00 | \$6,080.00 |
| Travel Time | \$780.00 | \$581.00 | \$660.00 |
| Travel Mileage | \$300.00 | \$736.00 | \$555.00 |
| Per-Diem | | \$1,125.00 | \$550.00 |
| Valve Technician x 2 | \$9,280.00 | \$5,760.00 | \$8,800.00 |
| Travel Time | \$580.00 | \$504.00 | \$660.00 |
| Travel Mileage | \$300.00 | \$736.00 | \$555.00 |
| Per-Diem | | \$2,250.00 | \$1,100.00 |
| Truck x 1 | \$0.00 | \$150.00 | \$175.00 |
| | | | |
| | | | |
| 5 Day Trip Total: | \$17,480.00 | \$15,162.00 | \$19,135.00 |
| 2 Each - 5 Day Trip Total: | \$34,960.00 | \$30,324.00 | \$38,270.00 |

| | | | |
|-----------------------------|--------------------|--------------------|--------------------|
| 1 Each - 3 Day Trip | Total | Total | Total |
| Foreman x 1 | \$3,744.00 | \$1,992.00 | \$3,648.00 |
| Travel Time | \$468.00 | \$581.00 | \$660.00 |
| Travel Mileage | \$180.00 | \$736.00 | \$555.00 |
| Per-Diem | | \$675.00 | \$330.00 |
| Valve Technician x 2 | \$5,568.00 | \$1,152.00 | \$5,280.00 |
| Travel Time | \$696.00 | \$1,022.40 | \$1,320.00 |
| Travel Mileage | \$360.00 | \$1,472.00 | \$1,665.00 |
| Per-Diem | | \$1,350.00 | \$660.00 |
| Truck x 1 | \$0.00 | \$450.00 | \$525.00 |
| | | | |
| | | | |
| 3 Day Trip Total: | \$11,016.00 | \$9,430.40 | \$14,643.00 |
| GRAND TOTAL: | \$48,184.00 | \$43,686.40 | \$57,453.00 |