

COUNCIL ACTION FORM

SUBJECT: POWER PLANT MAINTENANCE SERVICES CONTRACT

BACKGROUND:

The Electric Utility has two gas-fired, high-pressure steam generation units within the City's Power Plant, referred to as Units No. 7 and 8. These units require regular professional maintenance and repair. This consists of both emergency and planned repairs and service. Services include a large variety of boiler maintenance and repairs, structural steel, pump and piping work, and other miscellaneous mechanical Power Plant work.

The repair of the equipment on these generation units requires professional trade crafts such as laborers, millwrights, and steam/pipe fitters.

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

The City does not have a current renewable contract in place for these services. Therefore, the proposed action is to issue plans and specifications and solicit bids from companies that perform the needed work. Because of the timing of the bid, staff intends for the initial term of the contract to extend through June 30, 2024, while subsequent renewals would take place on a year-by-year basis.

Staff's is anticipating an expense of \$195,000 for this work which will be paid from the Electric Production budget. Invoices will be based on contract rates for time and materials for services actually received.

ALTERNATIVES:

1. Approve preliminary plans and specifications for the Power Plant Maintenance Services Contract, and set January 25, 2023 as the due date for bids and February 14, 2023 as the date of public hearing and award of contract.

2. Purchase these 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 Power Plant repair and maintenance and 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.