



Agenda Item #: _____

Staff Report

City of Manhattan Beach

TO: Honorable Mayor Ward and Members of the City Council

THROUGH: Geoff Dolan, City Manager

FROM: Bruce Moe, Finance Director
Neil Miller, Director of Public Works
Gwen Eng, General Services Manager
Clarence Van Corbach, Utilities Manager

DATE: May 16, 2006

SUBJECT: Award of Three-Year Contract with Power Plus to Provide Auxiliary Power Generator Maintenance for the Public Works Department in the amount of \$72,021.15 and appropriate \$2,000 from Parking Fund Reserves

RECOMMENDATION:

Staff recommends that the City Council a) award RFP #681-06 to Power Plus for a three-year contract to provide auxiliary power generator maintenance services in the amount of \$72,021.15 and b) appropriate \$2,000 from the Parking Fund Reserves.

FISCAL IMPLICATION:

The three-year contract for generator maintenance totals \$72,021.15 (Year 1: \$29,950.09, Year 2: \$12,120.97, and Year 3: \$29,950.09). Adequate funds are available in the budget to maintain all of the City's generators, with the exception of the generator located at the Metlox parking structure. As a result, staff is recommending an appropriation of \$2,000 from the Parking Fund to add this generator to the coverage. The balance of the costs will be paid from available budgeted maintenance funds. Future years' expenses will be budgeted accordingly. The second year of maintenance will be significantly less than the first and third year by using an alternating major and minor service pattern which will adequately protect our generators. Approximately 80% of the work will be funded by enterprise funds.

BACKGROUND:

The City has a fleet of sixteen stationary emergency generators that are deployed throughout City facilities. These generators are used for back-up power for critical facilities such as water and sewer systems, as well as for City Hall, the City Yard, the police station and two fire stations. When there is an interruption in power from the electricity grid, these generators automatically turn on to maintain the vital systems and services of the facilities.

The City relies on outside contractors for the maintenance of our generators. Contractors provide the expertise and knowledge necessary to perform a variety of repairs, and maintain the necessary parts inventory for rapid repairs. A maintenance agreement is necessary to guarantee response times and provide discounted pricing for parts and labor. Without the benefit of a contract, the City will not be a priority customer and there would be no guaranteed response time. Finally, annual documented service

is necessary for the City to maintain an operational permit from AQMD (Air Quality Management District) to operate any of our generators.

The previous generator maintenance contract was awarded in November 2003. However, after repeated attempts, the vendor was unable to perform the work consistently in accordance with specifications. There were also issues with inappropriate billing practices. As a result, staff terminated that contract, revised the specifications, and re-bid the requirement.

DISCUSSION:

The contract specifications require yearly testing of the generators. Typical service includes checking fluid levels, maintaining all parts in good working condition, changing filters, and making needed repairs.

The majority of these generators are located in confined spaces requiring special procedures for air testing and monitoring during the maintenance operation. Contracting out this service is the most cost-effective and dependable manner to achieve generator reliability. A contractor will have not only the necessary equipment for proper maintenance, but also the trained staff.

Originally, staff based our needs on full annual service. However, we have since concluded that the most cost effective maintenance system for our generators is to have alternating levels of service. The complete service (first and third years) includes oil changes, load bank test, and automatic transfer switch tests. The second and alternating years do not include transfer switch and load bank tests.

DISCUSSION:

Staff solicited proposals from six vendors and received four responses. A summary of pricing offered by each vendor is shown below:

<u>Company</u>	<u>Estimated 3-year cost</u>
1. Kohler Co.	\$ 65,370.00
2. Power Plus	\$ 72,021.15
3. Duthie Power & Service	\$ 79,171.86
4. HW Sessoms Const. Co.	\$170,800.00 ¹

Because this is a service contract, vendor selection is based upon many factors: prior experience, expertise, quality control, warranty, references, and cost. Kohler Co. offered the lowest pricing but does not have the equipment or staff to enter confined spaces as required in our specifications. The next lowest bidder, Power Plus, has the expertise and equipment to meet all of our specifications. Therefore, staff recommends that Council award them a three-year contract in the amount of \$72,021.15. If approved, the contract will be in the form of a purchase order. In addition, the City may cancel the contract at any time without cause if necessary.

¹ Staff did verify that the contractor understood the scope of work, and that their pricing was correct.