



Agenda Report

21-725

Agenda Date: 7/13/2021

REPORT TO COUNCIL

SUBJECT

Action on an Agreement for Services with Performance Mechanical, Inc. for As-needed Boilermaker and Pipefitter Services

COUNCIL PILLAR

Deliver and Enhance High Quality Efficient Services and Infrastructure

BACKGROUND

The City of Santa Clara's Electric Utility, Silicon Valley Power operates three gas fired power generation facilities within the city limits as well as remote power generation facilities. Equipment at these facilities include Heat Recovery Steam Generators (HRSG), as well as significant piping and tubing requiring boilermaker, pipefitter, and related services for ongoing maintenance and repair.

DISCUSSION

A Request for Proposal (RFP) with the vendor selection based on the qualifications of the firm is also referred to as a Statement of Qualifications (SOQ). Pursuant to City Code Section 2.105.330, a Statement of Qualifications was conducted as the solicitation method, with the award recommendation based on "best value". The factors considered in the award were firm experience, staff qualifications, project approach, and cost.

One proposal was received from Performance Mechanical. Staff reviewed the proposal against the criteria published in the SOQ and determined that PMI's proposal demonstrated they met all requirements and have the capability to perform all of the services listed in the SOQ. Staff recommends award of agreement to PMI. PMI is a current contractor with SVP for these types of services and has demonstrated experience and expertise providing quality boilermaker and pipefitter and related services.

Under the proposed agreement, PMI will provide the following:

- Welding services;
- Piping and pipe hanger repairs;
- Tank repairs;
- HRSG repairs;
- Insulation removal, installation, and repair;
- Fabrication and installation of components for fired boilers and pipe supports;
- Non-Destructive Examination (NDE) Services; and
- Other miscellaneous mechanical work to support the operation of SVP power plants and related assets.

The proposed agreement with PMI includes provision of all labor, materials, tools, permits, and equipment necessary to provide the required boilermaker and pipefitter services. All services will be performed pursuant to current national board code as well as industry best practices and state and local laws and regulations.

The term of the proposed agreement will be a five-year initial term with five additional one-year options to extend at the discretion of the City. Compensation shall be paid on a time and materials basis, with annual costs not expected to exceed \$500,000 per year or \$2,000,000 over five years. Additional services may be required for capital projects or other large-scale efforts and, if needed, will be added through addendum or included in the agreement for the prime contractor associated with the project. PMI's hourly rates shall be fixed for the first two years of the agreement. Any requests for compensation increases must be justified by the company and are subject to approval by the City and the annual appropriations of funds. Exercise of option terms after the initial five-year term shall be based on renewal quotes from Performance Mechanical, Inc. and other factors such as industry changes or experience with the City.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378 (b)(2), continuing administrative or maintenance activities.

FISCAL IMPACT

The total cost of the Agreement for Services with Performance Mechanical, Inc is not anticipated to exceed \$2,000,000 over the five-year initial term.

Sufficient funds are available in the FY 2021/22 Operating Budget in the Electric Utility Operating Fund Contractual Services account based on the facility or asset requiring service. Budget for future years will be included in recommended budgets.

COORDINATION

This report has been coordinated with the Finance Department and City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

1. Authorize the City Manager to execute an Agreement for Services with Performance Mechanical, Inc. for as-needed Boilermaker/Pipefitter Services, for a term starting on or about July 1, 2021 and ending on or about June 30, 2026 for total maximum amount not-to-exceed \$2,000,000 during the initial five-year term, subject to the annual appropriation of funds;
2. Authorize the City Manager to execute up to five one-year options to extend the term of the Agreement after the initial term, ending on or about June 30, 2031, assuming all options are exercised, and subject to the annual appropriation of funds;

3. Authorize the City Manager to make minor changes to the proposed agreement attached subject to approval by City Attorney; and
4. Authorize the City Manager to take actions to add or delete services consistent with the scopes of the Agreement, and allow future rate adjustments subject to request and justification by contractor, approval by the City, and the appropriation of funds.

Reviewed by: Manuel Pineda, Chief Electric Utility Officer

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Proposed Agreement for Services with Performance Mechanical, Inc.