



Agenda Report

July 20, 2015

TO: Honorable Mayor and City Council
FROM: Water & Power Department
SUBJECT: APPROVE PURCHASE ORDER NUMBER 59110 WITH FLOWSERVE CORPORATION FOR THE REPAIR OF THE BROADWAY UNIT 3 STEAM DRIVE BOILER FEED PUMP FOR AN AMOUNT NOT TO EXCEED \$177,572.77 ISSUED UNDER EMERGENCY PURCHASE PROVISIONS.

RECOMMENDATION:

It is recommended that the City Council:

1. Find that contracting with Flowserve Corporation ("Flowserve") for the repair of the boiler feed pump is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15301, Class 1, Existing Facilities;
2. Direct the City Council to approve Purchase Order Number 59110 with Flowserve for the repair of the Broadway Unit 3 Steam Drive Boiler Feed pump for \$177,572.77 issued by the City Manager under the emergency purchase provisions of the Pasadena Municipal Code Section 4.08.150; and
3. Find that competitive bidding is not required pursuant to City Charter Section 1002(G) contracts for emergency work. It is further recommended that the City Council grant this contract an exemption from the Competitive Selection process of the competitive Bidding and Purchasing Ordinance, pursuant to Section 4.08.049(B), contracts for which the City's best interests are served

BACKGROUND:

On June 26, 2015, an emergency purchase order in an amount of \$177,572.77 was issued to Flowserve Corporation to expeditiously repair the Broadway-3 ("B-3") electric generating unit's boiler feed water pump ("BFP") so that B-3 can be put back in service as soon as possible. Normally, this level of contract amount requires the City Council approval, but due to the urgent need to get the B-3 electric generating unit operational an emergency purchase order was issued pursuant to the emergency purchase provisions of the Pasadena Municipal Code Section 4.08.150.

B-3 is a 65MW steam generating electrical unit which is a vital component of the City's local electric generation portfolio and provides necessary reliability for Pasadena's electric system. This generating unit also provides necessary back up capacity required by the California Independent System Operator ("CAISO"). At 45 years of age, B-3 has served beyond its useful life and is planned to be decommissioned next year after the new power generating unit GT-5 is commissioned.

B-3 was originally equipped with two BFPs, one primary and one backup, and needs at least one to be operational. In 2014, the primary BFP failed and cannot feasibly be repaired due to a six to nine month lead time and expected repair costs in excess of \$1 million. In recent months, the backup BFP has been the cause of several outages for B-3, and it was taken out of service on May 26, 2015 due to the possibility of imminent failure that could have resulted in keeping B-3 entirely out of service.

In order to accelerate B-3's return to service, which will support the City of Pasadena's ("Pasadena") electric system reliability during the upcoming summer months, minimize costs for replacement energy and capacity, and avoid potential fees or fines from CAISO, Flowserve was awarded Purchase Order Number 59110 in the amount of \$24,000 to remove, disassemble, clean, and inspect the pump in order to provide a complete and thorough repair estimate. The pump was originally manufactured by Byron Jackson which is presently a heritage brand of Flowserve Corporation. As a successor to the original equipment manufacturer, Flowserve Corporation is singularly qualified to repair this pump to the original specifications. Flowserve is in a unique position to reverse engineer any parts that may not be available and require custom fabrication.

Flowserve removed the pump on May 26, 2015. On June 11, 2015, Flowserve submitted its findings and provided Pasadena Water and Power ("PWP") staff with a few repair options. PWP staff clarified the proposal and negotiated the repair costs. Subsequently, Flowserve submitted the revised proposal on June 18th. Considering the relatively short remaining lifespan of B-3 but the urgent need to place B-3 in operation, staff selected a repair option for \$149,223.44. This amount is in addition to the incurred pump removal service charges in the amount of \$14,853.00. Accounting for five percent contingency of \$8,455.00 and estimated tax of \$5,041.33, Purchase Order Number 59110 was increased by \$153,572.77 to a total of \$177,572.77. The BFP is expected to be repaired and installed in a timely manner so that B-3 will be operational by July 23, 2015.

The alternative to issuing an emergency purchase order to Flowserve, developing a specification and following standard procurement processes, would have resulted in a minimum two-month delay in the return to service of B-3. This would have delayed B-3's return to service until the fall, potentially compromising the City's electrical system throughout the peak summer demand period and resulting in increased energy procurement costs, CAISO charges, and potential fines from the CAISO.

The staff is requesting an approval of Purchase Order Number 59110 issued to Flowserve in an amount of \$177,572.77.

COUNCIL POLICY CONSIDERATION:

The proposed contract supports the City Council Strategic Planning Goal to improve, maintain, and enhance public facilities and infrastructure. It also supports the Public Facilities Element of the General Plan by maintaining public facilities to enhance the quality of life of the community.

ENVIRONMENTAL ANALYSIS:

The nature of the work performed by Flowserve Corporation qualifies for a categorical exemption in accordance with Title 14, Chapter 3, Article 19, Section 15301(Existing Facilities). Section 15301 allows for the categorical exemption from CEQA for repair work on existing publically owned facilities used to provide electric power that will not result in an increase in capacity or an expansion of existing use. The repair of the B-3 boiler feed pump adheres to these guidelines.

FISCAL IMPACT:

The cost of this action will be \$177,572.77. Funding for this action will be addressed by the utilization of existing budgeted appropriations in the Power Fund 411, CIP 3148 B-3 Renewals and Replacements, account 8101-411-841200-0312-21036-04 and 8114-411-841200-0312-21036-04. It is anticipated that the entire \$177,572.77 of the cost will be spent during the FY16. The following table provides the Flowserve breakdown of costs.

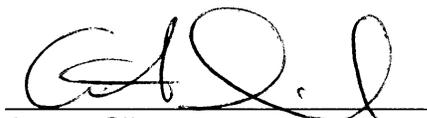
Pump Repair	149,223.44
Field Services	\$14,853.00
Contingency	\$8,455.00
Tax	\$5,041.33
Total Fiscal Impact	\$177,572.77

There will be minimal or no impact of this action on other projects.

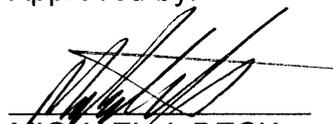
Respectfully submitted,


ERIC R. KLINKNER
Interim General Manager
Water and Power Department

Prepared by:


Arturo Silva
Power Plant Manager

Approved by:


MICHAEL J. BECK
City Manager