



Agenda Report

August 13, 2012

TO: Honorable Mayor and City Council
FROM: Water & Power Department
SUBJECT: **APPROVE PURCHASE ORDER NUMBER 51778 WITH FLOWSERVE CORPORATION ISSUED UNDER EMERGENCY PURCHASE PROVISIONS AND AUTHORIZE AN INCREASE OF \$62,198 FOR A TOTAL AMOUNT NOT TO EXCEED \$293,198 FOR REPAIRS TO THE BROADWAY UNIT 3 PRIMARY BOILER FEED PUMP**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that contracting with 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, Existing Facilities; and
2. Grant approval of purchase order number 51778 with Flowserve Corporation for \$231,000 issued by the City Manager under the emergency purchase provisions of the Pasadena Municipal Code Section 4.08 .150
3. Authorize the City Manager to increase the limit of purchase order number 51778 with Flowserve Corporation by \$62,198 for the repair of the Broadway Unit 3 Primary Boiler Feed pump. The total amount of the contract shall not exceed \$293,198. Competitive Bidding is not required pursuant to City Charter Section 1002 (G), contracts for actual emergency work.
4. 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:

Broadway Unit 3 ("B-3") is an electric steam generating unit located at the Broadway Power Plant. As the City of Pasadena's ("Pasadena's") largest local electric generating unit rated at 65 MW, B-3 is an essential part of Pasadena's electric system. B-3 generates electricity on an as needed basis to meet Pasadena's electricity demand and when called upon by the California Independent System Operator ("CAISO"). B-3 is

generally on-line during summer months to ensure reliability of Pasadena's electrical system and to meet the CAISO's availability requirements. The unavailability of B-3 increases the possibility of power outages during very hot days, or if Pasadena's electrical distribution system or electricity import capability is constrained. Additionally, a forced outage on B-3 would result in a non-availability fine from the CAISO in the amount of approximately \$10,600 per day. Continued availability of B-3 is expected to generate revenues from the CAISO when it is needed to generate electricity to support the CAISO grid.

Unit B-3 is equipped with two boiler feed pumps ("BFP"); a primary BFP and a backup BFP. On April 4, 2012, the primary BFP failed during start-up of the unit. Since then, the backup BFP has been supporting the unit. It is necessary to get the primary BFP in operation to avoid a forced unit outage in the event the backup pump fails. Visual indications that the seals on the backup BFP have deteriorated created the sense of urgency to repair the primary BFP in order to avoid a potential outage during the summer months. The primary BFP is attached to the generator and cannot be disassembled while the unit is operating. B-3 was taken off line to remove the primary BFP and power plant staff delivered it to Flowserve, the successor to the original equipment manufacturer, for inspection. Flowserve quoted \$193,914 plus tax and field services for repairs. Because Flowserve had performed the inspection and had proprietary original equipment specifications, and because the primary BFP was urgently needed, the City Manager issued a purchase order for \$231,000 (including contingency amount of \$19,358) to Flowserve on June 11, 2012, under the emergency purchase provisions of the City Charter and the Pasadena Municipal Code.

Subsequently, Flowserve's field inspection revealed a need for machining of the pump barrel (the component that houses the pump inlet) and the replacement of other parts at a cost of \$57,198. Staff considers the quote to be reasonable and therefore requests an increase of \$62,198 (\$57,198 plus contingency of \$5,000 = \$62,198) to the existing purchase order number 51778 totaling to \$293,198.

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 State CEQA Guidelines 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 purchase order increase action will be \$62,198. Funding will be addressed by the utilization of existing budgeted appropriations in the Power Fund 411, CIP 3148 (B-3 Renewals and Replacements) and 3149 (B-3 Selective Catalyst Replacement), account 8101-411-841200-0312-21036-04 and 8114-411-841200-0312-21036-04. It is anticipated that the entire project cost of \$293,198 will be spent during the FY2013.

Initial Emergency PO Amount	
Contract Amount-Pump Repair	\$193,914
Field Services	\$12,000
Contingency	\$19,358
Tax	\$5,728
Sub-Total	\$231,000
Requested Increase Amount	
Barrel Repair	\$44,132
Mechanical Seals	\$12,000
Contingency	\$5,000
Tax	\$1,066
Sub-Total	\$62,198
Total Amount	\$293,198

Respectfully submitted,



Phyllis Currie
General Manager
Water and Power Department

Prepared by:



Art Silva
Power Production Supervisor

Approved by:



MICHAEL J. BECK
City Manager

**Disclosure Pursuant to the
City of Pasadena Taxpayer Protection Amendment
Pasadena City Charter, Article XVII**

Contractor/Organization hereby discloses its trustees, directors, partners, officers, and those with more than 10% equity, participation, or revenue interest in Contractor/Organization, as follows:

(If printing, please print legibly. Use additional sheets as necessary.)

1. Contractor/Organization Name: <i>FLOWSEAVE CORP</i>

2. Type of Entity: <input checked="" type="checkbox"/> non-government <input type="checkbox"/> nonprofit 501(c)(3), (4), or (6)

3. Name(s) of trustees, directors, partners, officers of Contractor/Organization: <i>SEE ATTACHED</i>

4. Names of those with more than a 10% equity, participation or revenue interest in Contractor/Organization: <i>NONE</i>

Prepared by: *GARY MIGNACCA*
Title: *OPERATIONS MANAGER*
Phone: *310-667-4221*
Date: *6-11-12*

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FLOWSERVE CORPORATION

By: /s/ Mark A. Blinn

Mark A. Blinn
President and Chief Executive Officer

Date: February 22, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ James O. Rollans</u> James O. Rollans	Non-Executive Chairman of the Board	February 22, 2012
<u>/s/ Mark A. Blinn</u> Mark A. Blinn	President and Chief Executive Officer (Principal Executive Officer)	February 22, 2012
<u>/s/ Michael S. Taff</u> Michael S. Taff	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	February 22, 2012
<u>/s/ Richard J. Guiltinan, Jr.</u> Richard J. Guiltinan, Jr.	Senior Vice President, Finance and Chief Accounting Officer (Principal Accounting Officer)	February 22, 2012
<u>/s/ Gayla J. Delly</u> Gayla J. Delly	Director	February 22, 2012
<u>/s/ Roger L. Fix</u> Roger L. Fix	Director	February 22, 2012
<u>/s/ John R. Friedery</u> John R. Friedery	Director	February 22, 2012
<u>/s/ Joseph E. Harlan</u> Joseph E. Harlan	Director	February 22, 2012
<u>/s/ Michael F. Johnston</u> Michael F. Johnston	Director	February 22, 2012
<u>/s/ Rick J. Mills</u> Rick J. Mills	Director	February 22, 2012
<u>/s/ Charles M. Rampacek</u> Charles M. Rampacek	Director	February 22, 2012
<u>/s/ David E. Roberts</u> David E. Roberts	Director	February 22, 2012
<u>/s/ William C. Rusnack</u> William C. Rusnack	Director	February 22, 2012