



# Agenda Report

**MEETING DATE:** Tuesday, April 13, 2021

**TO:** City Council

**FROM:** PUBLIC WORKS & UTILITIES DIRECTOR PALMISANO  
RYAN SMITH, WASTEWATER DIVISION MANAGER

**SUBJECT:** CONTRACT AMENDMENT FOR ANNUAL COGENERATION  
SYSTEM MAINTENANCE

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## **STATEMENT OF ISSUES:**

Unexpected costs were incurred during the annual maintenance performed on the cogeneration system at the wastewater treatment facility. The costs exceed the amount remaining on the contract and therefore requires the approval of the City Council.

## **RECOMMENDED ACTION:**

Adopt a resolution approving a contract amendment with BME, Inc. for a not-to-exceed amount of \$92,445 to cover unexpected costs incurred during the annual cogeneration system maintenance at the wastewater treatment facility.

## **DISCUSSION:**

The cogeneration system ("cogen") located at the City's wastewater treatment facility produces renewable energy in the form of electricity and hot water, which is used for treatment processes and offsets the facility's utility bill. The cogen consists primarily of an internal combustion engine, electrical generator, and auxiliary support systems. BME, Inc. ("BME") is the current contractor performing the major annual maintenance, and this year unexpected costs were incurred as follows:

Item	Amount
Cylinder block machining	\$37,000
New crankshaft	\$20,180
Modifications to the control system	\$18,840
Oil cooler replacement	\$7,200
Radiator water cooler replacement	\$9,225
<b>TOTAL</b>	<b>\$92,445</b>

The cogen system has been operating reliably for over 30 years and these additional costs are considered to be one-time expenses that will extend the useful life of the engine another 10 years or more.

The contract with BME is a 5-year contract that commenced in fiscal year 2016-2017 in the amount of \$750,000. BME was selected at that time as the most qualified vendor through a Request for Qualifications process (contractor license number 736572). BME specializes in the maintenance and repair of large industrial engines such as at the wastewater plant. The BME Contract remains in effect but the original \$750,000 amount has been used up so the contract needs to be amended to accommodate this expense.

BME was requested to perform this additional work while the cogen engine was already dismantled for the annual maintenance, as this was the most cost-effective option for completing the needed repairs.

**STRATEGIC PLAN:**

The maintenance is consistent with the Strategic Plan Priority 3 – Infrastructure & Environment.

**FINANCIAL IMPACT:**

Funds for this \$92,445 contract amendment are available in the Wastewater Utility Enterprise budget. A journal entry transferring this amount from account code 0710-530-7211 (Electricity and Gas) to 0710-530-7324 (Repairs and Maintenance) will be made to cover these additional contract costs.

**ALTERNATIVE ACTION:**

No reasonable alternatives are known at this time.

**ATTACHMENTS AND/OR REFERENCES (If any):**

1. Quote – cylinder block machining
2. Quote – crankshaft replacement
3. Quote – control system modifications
4. Quote – oil cooler replacement
5. Quote – radiator water cooler (“aftercooler”) replacement