SUBJECT: Award of Contract for Emergency and Routine Maintenance and Repair Services for Power Generating Engines at the Water Pollution Control Plant (F13-22)

BACKGROUND
Approval is requested for the award of a one-year contract with three (3) one-year renewal options to Peterson Power Systems of San Leandro to perform emergency, routine and preventative maintenance/repairs on the City’s Power Generation Facility (PGF) and storm/water pump station engines, as required by the Environmental Services Department.

DISCUSSION
The Environmental Services Department (ESD) utilizes large power-generating engines for Water Pollution Control Plant (WPCP) and water/wastewater operations and emergency backup purposes. These include two Caterpillar engines for the Power Generation Facility (PGF) and several Waukesha/Caterpillar engines for primary and backup power at the storm and water pump stations. All of the engines burn a combination of “lean” fuels such as landfill gas, digester gas and/or natural gas which must meet strict air emission regulations. The Caterpillar PGF engines were commissioned in 1997, while many of the other engines have been in operation since the mid-1960s.

Due to their age, as well as technology advances regarding power generation, these engines have been scheduled for replacement over the next several years. In the meantime, the engines must be maintained to efficiently burn the blended gas fuel, meet stringent regulations and optimize electrical output.

For the last several years, the City has contracted annually with Peterson Power Systems through three separate contracts (one for routine maintenance and one for emergency repairs for the Caterpillar PGF engines, and a third for maintenance on the Waukesha and Caterpillar engines for the pump stations).

The contracts have typically been issued under the City Manager’s award authority in order to segregate the emergency and routine components. As the engines age, they have been requiring more repairs, increasing the annual contract amounts closer to the Council award threshold of $100,000. These contracts are now being consolidated and recommended for Council approval under one umbrella. Peterson Power will provide electronic billing to the City, so it will be more efficient to track/process payments and closely monitor the level of emergency callouts vs. routine maintenance. Should the level of emergency maintenance increase, staff may return to Council to request a higher limit for the contract.
Section 2.08.070(b) of the Sunnyvale Municipal Code allows exemption from competitive bidding in certain circumstances, including sole source for goods and services, and in situations where soliciting bids would impractical or impossible. In this case, Peterson Power Systems of San Leandro is the only factory authorized Caterpillar dealer in the Bay Area and as such, is the only local source for parts and service for these engines.

**FISCAL IMPACT**
Annual expenditures are not anticipated to exceed $200,000. Budgeted funds are available in operating programs 360 (Water Resources) and 365 (Wastewater Management).

**PUBLIC CONTACT**
Public contact was made by posting the Council agenda on the City’s official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City’s Web site.

**RECOMMENDATION**
It is recommended that Council:
1. Award a one-year contract, in substantially the same form as the attached draft Purchase Order not to exceed $200,000 to Peterson Power Systems for emergency and routine repairs; and
2. Delegate authority to the City Manager to renew the contract for three additional one-year periods, provided pricing and service remain acceptable to the City.

Reviewed by:

Grace K. Leung, Director of Finance
Prepared by: Pete Gonda, Purchasing Officer

Reviewed by:

John Stufflebean
Director of Environmental Services

Approved by:

Gary M. Luebbers
City Manager

**Attachments**
A. Draft Purchase Order
**ORDERED FROM**

16676 - 001  
(510) 895-8400  
Peterson Power Systems Inc  
2828 Teagarden St  
San Leandro, CA 94577

**ORDER DATE**

**EFFECTIVE DATE**  
11/14/2012

**EXPIRATION DATE**  
11/13/2013

**CONTRACT AMOUNT**  
$200,000.00

**BILL TO:**

City of Sunnyvale  
Finance Department  
Accounts Payable  
PO Box 3707  
Sunnyvale, CA 94088-3707

**REQUISITIONING DEPARTMENT**  
(9041) ESD/WPCP - Maintenance

**FOB**

**PAYMENT TERMS**  
N/30

**UNIT COST**

**UNIT**

**DESCRIPTION**

1  
Blanket order to provide routine and emergency repair services, as required, to the Caterpillar and Waukesha Engines in use at the Power Generation Facility (PGF) and at the Storm and Water Pump Stations, for the Department of Environmental Services.

Scope of Services  
1. Provide routine preventative maintenance services.  
2. Provide emergency corrective repairs.  
3. Provide system enhancements and upgrades.  
4. Provide corrective and preventive maintenance training for City staff.

Parts, as required, may be purchased under this purchase order.

Service Rates per Service Chargeout Rates Sheet, effective 01/01/2012, which is attached and incorporated herein by this reference.

Requisition No. RQ10153  
This blanket order replaces BL003404, BL003448 and BL3599  
Awarded by City Council 11/13/2012, RTC

**UNIT COST**

**UNIT**

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**AUTHORIZED DEPARTMENT(S)**

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City of Sunnyvale
California

Draft Blanket Purchase Order NO BL004181

AUTHORIZED DEPARTMENT(S)

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DOCUMENT TERMS

This purchase order is subject to the City of Sunnyvale Standard Terms and Conditions for the Purchase of Services, dated 10/8/2010, a copy of which is attached and incorporated by reference (Form #TCBPO-S). Invoices must be sent directly to Accounts Payable by mail to the address above or by e-mail to accounts payable@ci.sunnyvale.ca.us and must reference the purchase order number. Failure to comply will result in a delay in payment processing.

BUYER:

Howard, Dreama

PHONE (408) 730-7396  FAX (408) 730-7710


INDUSTRIAL • MARINE • AIR COMPRESSOR

STORE – 24

Service Charge out Rates
Effective 01–01–2012
Contractors License C10–507000

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♦ Service Truck Mileage Income: $2.80 PER MILE
♦ Misc. Hardware 1.93% of all parts & service
♦ Environmental charges 1.5% of all labor totals

** Please note: Rates are subject to Increase. **

PETE RSON POWER SYSTEMS, INC.
2828 Teagarden St., San Leandro, CA 94577 • (510) 895-8400 Fax (510) 352-2064