

**COUNCIL ACTION FORM**

**SUBJECT: RENEWAL OF CONTRACT FOR POWER PLANT BOILER TUBE SPRAY COATING AND RELATED SERVICES AND SUPPLIES**

**BACKGROUND:**

This contract is for a contractor to provide and install new boiler tube coating and surface preparation at the City's Power Plant on an as needed basis.

On March 24, 2015, City Council awarded a contract to Integrated Global Services, Inc. Richmond, VA, for the Boiler Tube Spray Coating and Related Services and Supplies Contract to be furnished as requested from award date through June 30, 2015. The contract was in an amount not-to-exceed \$250,000. The initial contract period was shortened to enable future renewals to coincide with the City's fiscal year.

The contract has the option for the City to renew in one-year increments for up to four additional years. Staff recommends renewing the agreement for FY 2015/16. There is a rate provision under this contract that increases rates at fixed percentages above the previous fiscal year's contracted rates at time of renewal. The yearly rate increase is 2.5% for both labor, travel, and subsistence. Also, the materials furnished will be subject to escalation related to the raw material pricing of Nickel due to the high quantities of Nickel found in the materials. These increases are in accordance with the contract terms initially established. **This is the first renewal out of four maximum.**

**Staff recommends that these services continue to be outsourced on an annual renewable contract basis.** The benefits of having a contract for these services in place include the following:

- 1) Consistency of work and quality from a single contractor.
- 2) Reduction in the City's exposure to market forces regarding prices and availability for labor, travel, and supplies in preparation for a scheduled outage.
- 3) Rapid contractor mobilization to start emergency repairs, thus reducing generation downtime.
- 4) Saved City staff time obtaining quotes, evaluating bids and preparing specifications and other procurement documentation.

Funding in the amount of \$100,000 is available from the approved FY2015/16 Power Plant operating budget for Units #7 and #8 Boiler Maintenance. This contract amount is quite a bit lower than the first year of the contract due to the fact that there was more known work to be done the first year. Invoices will be based on contract rates for time and materials for services that are actually received.

**ALTERNATIVES:**

1. Approve the contract renewal with Integrated Global Services, Inc. Richmond, VA, for the Boiler Tube Spray Coating and Related Services and Supplies Contract from award date through June 30, 2016, and approve contract and bond. Total work in FY 2015/16 shall be an amount not-to-exceed \$100,000.
2. Do not renew the agreement and instruct staff to seek new competitive bids.

**MANAGER'S RECOMMENDED ACTION:**

This contract is needed to carry out emergency and routine boiler tube spray coating services at the Power Plant to maintain protection to the tubes replaced in 2013. Failure to maintain the coating will result in increased wear and early tube deterioration. The contract establishes rates for service and provide for guaranteed availability, thereby establishing pre-determined rates for service.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.