

COUNCIL ACTION FORM

SUBJECT: BOILER MAINTENANCE SERVICES CONTRACT FOR POWER PLANT CONTRACT RENEWAL

BACKGROUND:

This contract consists of a variety of boiler and pressure vessel maintenance, including structural steel and pressure vessel repair. This consists of emergency service, as well as regularly planned repairs and services during scheduled outages.

On February 14, 2017, Council awarded a contract to TEI Construction Services, Inc., Duncan, SC, for the Boiler Maintenance Services Contract for Power Plant. These services were to be furnished as requested from award date through June 30, 2017, in an amount not-to-exceed \$200,000. This contract included the option for the City to renew in one-year increments for up to four additional years. Staff is recommending the renewal of the agreement for FY 2018/19.

Council should note that some of the rates charged by TEI Construction Services, Inc., will be increase for upcoming contract period. The average rate increase is 4.3% which applies to Boilermakers, Millwrights and Steamfitters labor classifications. Staff reviewed these increases and concluded that they are acceptable. This is the second 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.

The approved FY2018/19 Power Plant operating budget for Electric Production includes \$200,000 for this contract. Invoices will be based on contract rates for time and materials for services actually received.

ALTERNATIVES:

1. Approve the contract renewal with TEI Construction Services, Inc., Duncan, SC, for the Boiler Maintenance Services Contract for Power Plant for the one-year period

from July 1, 2018, through June 30, 2019, and approve the contract and bond. Total work in FY 2018/19 shall be an amount not to exceed \$200,000.

2. Do not renew the agreement and direct staff to seek new competitive bids.

MANAGER'S RECOMMENDED ACTION:

This work is necessary to ensure that a qualified professional firm will respond to both scheduled and emergency needs for boiler repair and maintenance, and will also control costs by having established billing rates. Funds will be expended only as work is required and in accordance with approved invoices.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1 as stated above.