

ITEM: 14
DATE 02-28-23
DEPT Electric

COUNCIL ACTION FORM

**SUBJECT: POWER PLANT BOILER MAINTENANCE SERVICES CONTRACT –
CHANGE ORDER NO. 1**

BACKGROUND:

This contract consists of a variety of boiler and pressure vessel maintenance, including structural steel and pressure vessel repair, at the City’s Power Plant. This consists of emergency service, as well as regularly planned repairs and services during scheduled outages. The repair of the equipment in the Power Plant requires professional trade crafts such as boilermakers, laborers, and millwrights.

The Power Plant has traditionally bid boiler maintenance services and held a contract throughout each year in order to perform regularly planned repairs and services during scheduled outages as well as have a skilled and certified contractor ready to respond to any emergency situations.

On July 26, 2022, City Council awarded a contract to TEI Construction Services, Inc., Duncan, SC in the amount of \$325,000.

THIS ACTION:

Although a significant project recently replaced many sections of boiler tubes in Unit 8 with Inconel clad tubes, there are areas in Unit 8 boiler that contain boiler tubes that are original to the installation of the boiler in 1982. During more recent testing, Staff discovered leaking tubes with thin walls because of erosion occurring from cleaning equipment or some other deposit corrosion occurring on the inside of the tube from copper depositing overtime. Staff believes these areas can be addressed by performing weld overlay instead of replacement. Boilermakers build up the walls of the tube using an Inconel weld rod that not only thickens the tube wall, but also is a metal resistant to erosion and corrosion. This change order is for the additional funding required to perform this weld overlay on a greater portion of the boiler than originally anticipated by staff.

Staff is requesting City Council to approve Change Order No. 1 to the Boiler Maintenance Services contract. **This action will add an additional \$95,000 to the original \$325,000 contract for FY 2022/23 (inclusive of sales tax), bringing the total contract amount to \$420,000. This change order will help ensure the reliability of Unit 8. Funding for Change Order No. 1 will come from the Unit 8 Auxiliary Equipment account where there is \$169,000 to perform equipment repairs.**

ALTERNATIVES:

1. Approve Change Order No. 1 to TEI Construction Services, Inc., of Duncan, SC, in the amount of \$95,000.
2. Do not approve the change order and delay needed additional maintenance until the next fiscal year.

CITY MANAGER'S RECOMMENDED ACTION:

It is important to have a highly skilled company to perform maintenance services on the City's power plant boilers. These boilers operate at high temperatures and under high pressures. These additional funds are necessary to ensure the reliability of Unit 8 boiler. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1 as stated above.