

COUNCIL ACTION FORM

SUBJECT: **POWER PLANT BOILER MAINTENANCE SERVICES CONTRACT**

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.

The repair of the equipment on these generation units 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 and emergency service. Both of the Power Plant's boilers (Unit 7 and Unit 8) have experienced excessive corrosion in the superheater sections. The corrosion has caused the tubes to thin, resulting in many forced outages.

The FY 2018/2019 contractor, TEI Construction Services, Inc., Duncan, SC, has struggled to provide needed manpower for short-term repairs and maintenance work under the current contract. TEI has expressed concern to Plant staff that the struggle to respond to forced outages will most likely continue because a number of its welders have chosen other employment. This situation was reported to Council on April 16, 2019, and an emergency change order authorization to an alternative vendor to perform repairs was approved. The use that alternative contractor is required until new bids can be obtained and a contract in place.

This bid is for these repair and maintenance services from May 29, 2019 through the end of FY 2019/20. The bid documents include the option of up to four one-year renewals. Any renewal would require approval by City Council.

Next fiscal year large repair projects are planned for both boilers, installing coated tubes that will be able to withstand the corrosion. Until these repairs are complete, it is of critical importance to have a contract in place that allows for a qualified contractor to be ready to respond to emergency outages.

Invoices will be based on contract rates for time and materials for services actually received. The FY 2019/20 budget includes \$250,000 for these services. The bidding documents call for a contract not to exceed that amount.

ALTERNATIVES:

1. Approve preliminary plans and specifications for the Power Plant Maintenance

Services Contract, and set May 14, 2019 as the due date for bids and May 28, 2019 as the date of public hearing and award of contract.

2. Purchase these services on an as-needed basis.

CITY MANAGER'S RECOMMENDED ACTION:

This work is necessary to ensure that a qualified contractor will respond to both scheduled and emergency needs for Power Plant boiler repair, 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.