

ITEM #:	<u>18</u>
DATE:	<u>11-18-25</u>
DEPT:	<u>ELEC</u>

COUNCIL ACTION FORM

**SUBJECT: BOILER MAINTENANCE SERVICES CONTRACT FOR POWER PLANT -
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 Power Plant. The contractor provides emergency service as well as regularly planned repairs and services during scheduled outages.

On April 8, 2025, Council awarded a contract renewal to TEI Construction Services, Inc., Duncan, SC, for the Boiler Maintenance Services Contract at the Power Plant. This was the third renewal out of four possible renewal periods.

The total budgeted amount of \$350,000 for FY 2025/26 was allocated for emergency tube repairs and weld overlay services for Units 7 and 8. These funds have been utilized as intended, with \$50,000 remaining to cover any additional emergency repair needs that may arise during the current fiscal year.

THIS ACTION:

During a routine inspection of the superheat tubes in Unit 8 this summer, it was discovered that 18 tubes have experienced degradation of up to 10 linear feet of their Inconel overlay. Given the extreme temperatures, pressures, and highly corrosive environment, any tube lacking Inconel overlay is highly susceptible to quick failure.

To address this issue, each affected tube will be fully removed and replaced with new tubes to ensure all compromised sections are eliminated. In addition, TEI will perform weld overlay on other portions in the boiler that were found to have wall thicknesses below minimum. The weld overlay will increase the wall thickness of the weak wall tube sections, ensuring greater reliability of the boiler.

Similar replacement work is also required on the Unit 7 superheat tubes after an inspection of its tubes revealed tubes with overlay degradation in the weld joints. These compromised weld areas will be removed and replaced with new, Inconel overlaid tube sections.

To complete the work on both Unit 8 and Unit 7 boilers, an additional \$200,000 in funding to the current repair contract is required. This will increase the total contract amount to \$550,000.

Change Order No. 1, in the amount of \$200,000, is necessary for the replacement of specialized Inconel overlaid tubes in both boilers and for weld overlay in Unit 8 boiler to repair existing boiler wall tubes.

Funding for this change order is available from the Unit 7 & Unit 8 maintenance accounts where there is \$50,000 available in the Unit 7 boiler account and \$150,000 available in the Unit 8 boiler account. Invoices will be based on contract rates for time and materials for services actually received and accepted by the City.

ALTERNATIVES:

1. Approve Change Order No. 1 with TEI Construction Services Inc., of Duncan, SC, for Boiler Maintenance Services Contract for Power Plant in the amount of \$200,000.
2. Reject the change order and instruct staff to seek competitive bids, delaying the repairs.

CITY MANAGER'S RECOMMENDED ACTION:

These tube repairs need to be performed to ensure the reliable operation of each boiler. It is also important to have a highly skilled company perform these maintenance services on the City's power plant boilers. These boilers operate at very high temperatures and pressures. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.