

ITEM #:	<u>19</u>
DATE:	<u>06-23-26</u>
DEPT:	<u>ELEC</u>

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 at the Power Plant. The contractor provides emergency service as well as regularly planned repairs and services during scheduled outages.

On July 26, 2022, Council awarded a contract to TEI Construction Services, Inc., Duncan, SC, for the Boiler Maintenance Services Contract for Power Plant. This contract included the option for the City to renew in one-year increments for up to four additional years. **This is the fourth renewal out of four possible renewal periods.**

The City Council should note that the rates charged by TEI Construction Services, Inc. will increase 3%, as indicated on their original bid document.

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.

Invoices will be based on contract rates for time and materials for services actually received and accepted by the City. The FY 2026/27 operating budget includes \$250,000 for these services.

ALTERNATIVES:

1. Approve the contract renewal with TEI Construction Services Inc., Duncan, SC, for Boiler Maintenance Services Contract for Power Plant for the one-year period from July 1, 2026 through June 30, 2027 in an amount not-to-exceed \$250,000.
2. Reject the renewal option and instruct staff to seek new competitive bids.

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. Work may be scheduled or required under short notice conditions. Having a contract in place allows for quick response time at a predetermined cost. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.