

ITEM #:	<u>26</u>
DATE:	<u>05-14-24</u>
DEPT:	<u>ELEC</u>

COUNCIL ACTION FORM

**SUBJECT: BOILER TUBE SPRAY COATING AND RELATED SERVICES AND SUPPLY
CONTRACT FOR POWER PLANT - CONTRACT RENEWAL**

BACKGROUND:

This contract is for a contractor to provide and install new boiler tube coating and surface preparation at the City's Power Plant. This coating has been found effective against the corrosive wear on the boiler tubes. A majority of the boiler tube walls in Unit 8 do not have shop-applied coating and require routine spray coatings to maintain protection. This contract addresses that routine application of protective coating. Failure to maintain the coating will cause the boiler tubes to wear much more quickly, resulting in premature failure and costly repairs.

On July 26, 2022, Council awarded a contract to Integrated Global Services, Inc., Richmond, VA, for the Boiler Tube Spray Coating and Related Services and Supply Contract for Power Plant. These services were to be furnished as requested from the award date through June 30, 2023. This contract included the option for the City to renew in one-year increments for up to four additional years. This is the second renewal out of four possible renewal periods.

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 City Council should note that the labor rates which will be charged by Integrated Global Services, Inc. will increase approximately 5% and the material rates will increase approximately 8%. A comparison of rates is attached. Staff finds these increases to be acceptable for the following reasons: 1) It has been very difficult to find a tube spray coating contractor that understands the product and the precision needed to install the coating. During the last five years, only two companies have been able to meet the specifications required by the Power Plant: IGS and Whertec. Whertec recently closed, and IGS was the only bidder for the most recent contract. 2) Staff has seen high labor and material price increases consistent with IGS from many other vendor and service providers within the last few years.

Invoices will be based on contract rates for time and materials for services actually received and accepted by the City. The FY 2024/25 operating budget includes \$535,000 for these services. This amount is expected to remain similar to the amount budgeted in the prior year. The coating applied in recent years has performed well and is not expected to need annual reapplication to the same areas. The budgeted funding will allow the entire areas requiring coating to be resurfaced approximately every six years.

ALTERNATIVES:

1. Approve the contract renewal with Integrated Global Services, Inc., Richmond, VA, for the Boiler Tube Spray Coating and Related Services and Supply Contract for Power Plant for the one-year period from July 1, 2024 through June 30, 2025 in an amount not-to-exceed \$535,000.
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.

ATTACHMENT(S):

[FINAL Boiler Tube Spray Coating Renewal 24-25.xls](#)