



## Legislation Text

---

**File #:** ID#20-8136, **Version:** 1

---

### **SUBJECT/RECOMMENDATION:**

Approve an Extended Warranty Service Agreement and Purchase Order, in the amount of \$525,000, with Tecogen, Inc., for the period October 1, 2020 through September 30, 2029, for service maintenance on three Tecochill air conditioning units and authorize the appropriate officials to execute same. (consent)

### **SUMMARY:**

This Agreement will provide warranty services on three natural gas fired air-conditioning units (50 tons each) that serve Clearwater Gas System's (CGS) new Administrative and Operations Building located at 777 Maple St in Clearwater. Each unit runs on natural gas to provide cooling needs for the main building.

The following items are included in the Service Agreement:

- All material and/or labor required to repair a scheduled or unscheduled service event (for all three units) at no additional expense to CGS
- Preventive maintenance performed by factory trained technicians
- All parts replaced with Original Equipment Manufacturer (OEM) parts
- Real-time internet monitoring for fast repair response
- Annual condenser cleaning

The first-year annual maintenance was approved by the Purchasing Manager in the amount of \$46,200 (period 10/1/19 - 9/30/20). However, after discussing with City Building & Maintenance, it was determined all three units should have a service warranty for the first 10 years of the equipment lifecycle. Therefore, we are asking for approval to start the new term, effective October 1, 2020 and run through September 30, 2029 which is the end of the 10-year cycle.

The estimated cost of this agreement is approximately \$570,000, which includes the cost of the first-year term. The total cost also includes an escalation factor for all subsequent years (i.e., year 2 - 10) which equals the preceding year Consumer Price Index (CPI) plus 2%. The escalation factor for years 2022 - 2029 is estimated at 5% per year.

### **APPROPRIATION CODE AND AMOUNT:**

Funds are included in the proposed budget for fiscal year FY20/21 in cost code 4232078-530300, contractual services.

Future year funding will be requested as part of the annual budget process.

### **USE OF RESERVE FUNDS: N/A**