

**COUNCIL ACTION FORM**

**SUBJECT:**     **POWER PLANT UNIT #8 CRITICAL VALVE REPAIR**

**BACKGROUND:**

Upon routine inspection, staff found signs of leakage on six critical Fisher valves that control the boiler drum water level for Unit #8. To address that situation, staff took advantage of a program through the original equipment manufacturer that allows most valves to be re-machined and brought back to original specification. A purchase order for that work in the amount of \$29,422.06 was issued to R.S. Stover, the Fisher Valve representative for this region.

After disassembly of the six valves, R.S. Stover presented information to staff that revealed greater valve problems, including damage to some parts that was not covered under the original purchase order. These expanded needs include the following:

- 1)     All six valves will require packing bore repair (machining) to insure zero stem packing leaks for a total cost of \$3,000.
- 2)     One valve will require a new cage at a cost of \$2,126.
- 3)     In the case of two control valves, damage to the internals exceeded expectations and will require complete replacement of internal parts for a total cost of \$33,880.

Iowa sales tax needs to be added to the costs noted above.

Staff feels that going out for bids on these parts is not a viable option due to the fact that timing on these repairs is critical to complete the Unit #8 Overhaul on schedule. Council should note that parts of supposedly "equal quality" from aftermarket sources have in the past not only been a disappointment, but have actually ended up costing the Power Plant even more in terms of damages and down time. By using Fisher parts, Fisher will maintain certification of these valves. This certification provides the Power Plant with a warranty on the parts, labor and remote monitoring of valve health by Fisher. Therefore, R.S. Stover should be considered a single source supplier since they are the only Fisher authorized valve parts and service provider in our area.

**ALTERNATIVES:**

1.     Approve the change order to R S. Stover in the amount of \$41,736.42 (inclusive of Iowa sales tax) for valve assembly work.

2. Reject the change order and delay the additional needed repairs which will delay the return of Unit #8 from its current maintenance outage.

**MANAGER'S RECOMMENDED ACTION:**

These valves are critical for controlling Unit #8's steam drum pressure. While repairs to the existing valves was planned for during the Unit #8 outage, the extent of need has significantly exceeded staff's expectations. Using Original Equipment Manufacturer's parts will provide a better quality of repair and allow the valves to continue to be certified by the manufacturer.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.