

COUNCIL ACTION FORM

SUBJECT: POWER PLANT REPAIRS TO UNIT #8 BOILER TUBES

BACKGROUND:

In 2009, a project was completed at the Power Plant titled Unit #8 Steam Generator Waterwall Panels. This project was necessary because of the frequent ruptures and failures due to aging boiler tubes. The scope of the project was to replace 40+ feet of waterwall panels in the lower part of the Unit #8 Boiler. The tubes on the panels were then thermal sprayed with a coating that reduces wear and corrosion of the base steel tubes. The effects on burning RDF in the boiler increases wear on exposed boiler tubes. The thermal spray reduces the wear considerably, but yearly inspection and touchup are required on an ongoing basis.

Upon routine inspection last fall, staff found signs of spray coating deterioration in small areas on the Unit #8 Boiler tubes. Staff contacted Alstom Power, Inc., who is the original equipment manufacturer (OEM) for the thermal spray coating to inquire about getting those tubes repaired. Although the warranty period had expired, Alstom agreed to perform the re-application work at no cost. However, the cost of mobilization, material equipment delivery and boiler tube preparation was to be paid by the City. On September 26, 2013, staff issued a purchase order to Alstom Power, Inc. for work in the amount of \$44,605. This work was performed during the scheduled Unit #8 Boiler outage last fall.

Once the work began, additional surface area with flaking was found. This extended the work from two days to five days. Alstom completed more repair work, used more material, and rented equipment longer than what was originally anticipated. After several months of discussion regarding Alstom's charges, the final cost was determined to be \$56,050.61, which is a \$11,445.61 increase over the original purchase order. A change order is now needed for the difference in order to finalize the project.

This action is being brought to Council because the overall cost of the project exceeded \$50,000. Per the City's *Purchasing Policies & Procedures*, City Council must approve all change orders which increase the dollar amount above \$50,000.

ALTERNATIVES:

1. Approve the change order to Alstom Power, Inc. in the amount of \$11,445.61 for repairs to Unit #8 Boiler tubes.
2. Reject the change order.

MANAGER'S RECOMMENDED ACTION:

This repair was critical because operational experience has shown that tube life is shortened without the coating intact, which leads to premature failure of the tubes and forced unit outages. Part of the cost was borne by the OEM, but the repair work ultimately performed exceeded what was originally anticipated. Staff and Alstom have now reached agreement on the final charges, creating the need for this change order.

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