

COUNCIL ACTION FORM

SUBJECT: POWER PLANT FUEL CONVERSION – PRELIMINARY PLANS AND SPECIFICATIONS FOR CONTROL ROOM INSTALLATION GENERAL WORK CONTRACT

BACKGROUND:

In November 2013 the City Council voted to convert the City's Power Plant from coal to natural gas. In May 2014 the City Council selected Sargent & Lundy of Chicago, Illinois, to provide engineering and construction oversight services for the conversion project.

The major phases of work necessary to complete this conversion project are shown on page 2 of this report. **This specific phase of the conversion project is to hire a contractor to perform the control room installation work. The engineer's estimate for this phase is \$925,000.**

These costs will be covered from funding identified in the approved FY 2015/16 Capital Improvements Plan, which includes \$26,000,000 for the Unit 7 and Unit 8 fuel conversion. The overall project budget and commitments to date are summarized on page 3.

ALTERNATIVES:

1. Approve the preliminary plans and specifications for the Control Room Installation General Work Contract, and set July 22, 2015, as the bid due date, and July 28, 2015, as the date of hearing and award of contract.
2. Do not approve plans and specifications for the control room installation general work contract at this time.

MANAGER'S RECOMMENDED ACTION:

This conversion is needed in order for the Power Plant to remain in compliance with state and federal air quality regulations. This phase will provide for the expansion of the Power Plant's existing Control Room and provide for air conditioned space to hold the new Distributed Control System equipment. The expansion was necessary to allow for the installation of the new equipment while the plant operates under the old system; minimizing plant outage time.

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

PROJECT PHASING

The major phases of work necessary to complete this conversion project are outlined below. **The component proposed for Council action at this time is shown in bold:**

1. Procure the natural gas burners, igniters, and scanners, plus boiler/furnace modeling to assess the necessity for boiler modifications.

On November 5, 2014 City Council awarded a Contract to Alstom Power Inc. of Windsor, CT, with delivery of this equipment in the fourth quarter of 2015.

2. Replace the Power Plant's Distributed Control System (DCS), including both hardware and software.

2a. Replace (upgrade) the Turbine Control Systems (TCS) on Unit 7 and Unit 8, plus the steam seal regulator on Unit 8 only.

3. Design the necessary modifications to the control room and DCS cabinet room.
4. Design the necessary modifications to source natural gas inside the power plant, and all necessary structural, mechanical, and electrical modifications for the power plant to burn natural gas as its primary fuel.
- 5. Select a contractor to construct a new control room/DCS room in the Power Plant.**
6. Select a contractor to modify the Power Plant and install the materials and equipment necessary to operate the Power Plant on natural gas.
7. Select a contractor to install the electrical equipment, including the work associated with the DCS upgrade and the electrical modifications to the control room.

PROJECT BUDGET

The overall project budget and commitments to date are summarized below. To date, the project budget has the following items encumbered:

\$26,000,000	FY 2015/16 CIP amount budgeted for project
\$1,995,000	Encumbered not-to-exceed amount for Engineering Services
\$2,395,000	Engineering Services Contract Change Order No. 1
\$3,355,300	Contract cost for Natural Gas Conversion Equipment
\$29,869	Equipment Contract Change Order No. 1
(-\$321,600)	Equipment Contract Change Order No. 2
(-\$51,000)	Equipment Contract Change Order No. 3
\$1,595,000	Contract cost for DCS equipment
\$1,001,240	Contact cost for TCS equipment
\$925,000	Estimated cost for Control Room Installation General Work Contract (this agenda item)
\$5,115,000	Estimated cost for Mechanical Installation General Work Contract (separate item on this Council agenda)
<u>\$16,038,809</u>	Costs committed to date for conversion
\$9,961,191	Remaining Project Balance to cover DCS installation and other miscellaneous equipment and modifications to the power plant needed for the fuel conversion