

COUNCIL ACTION FORM

**SUBJECT: POWER PLANT FUEL CONVERSION – CONTROL ROOM
INSTALLATION GENERAL WORK CONTRACT –
CHANGE ORDER NO. 1**

BACKGROUND:

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

On September 22, 2015, City Council awarded a contract to Henkel Construction Company of Mason City, Iowa, for the Power Plant Fuel Conversion - Control Room Installation Contract in the amount of \$898,800.

The action being requested is to approve Change Order #1 to the Control Room Installation Contract. The City Council will remember that the City's first attempt to bid this work yielded no bids even though bid packages were issued to 51 contractors and 5 plan rooms. Due to the unsuccessful first bid attempt, the City was forced to regroup and rebid the work. This rebidding of the project resulted in a two month delay from the original schedule. As a result, the City staff and our engineering/construction management firm are working aggressively with the contractor to improve the completion schedule since this work impacts the completion of the overall conversion project.

This Change Order 1 in the amount of \$66,782 is for the extra effort necessary to aggressively expedite the custom fabrication of the structural steel necessary to build the Control and DCS Equipment Rooms. To accomplish this objective, the contractor will be committing extra labor and working extra hours, including "premium time" on weekends, in order to shorten the work schedule. The City Council should understand that additional change orders might be necessary if any additional extra commitments are requested of the contractor

The Engineer's estimate of the cost for this phase of the project was \$925,000. With this change order, the total costs for the Control Room Installation General Work Contract within the project will be increased to \$965,582.

Overall, the total project dollar amount committed to date (inclusive of this Change order No. 1) is \$16,206,590. The approved FY 2015/16 Capital Improvements Plan includes \$26,000,000 for the Unit 7 and Unit 8 fuel conversion. The project budget to date is shown on page 3.

ALTERNATIVES:

1. Approve contract Change Order No. 1 with Henkel Construction Company, Mason City, IA, for the Power Plant Fuel Conversion – Control Room Installation Contract in the amount of \$66,782.
2. Reject contract Change Order No. 1.

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 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
\$174,000	Engineering Services Contract Change Order No. 2
\$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
\$814,920	Contract cost for TCS equipment Bid 1
\$244,731	TCS Bid 1 Contract Change Order No. 1
\$186,320	Contract cost for Turbine Steam Seal System Bid 2
\$898,800	Contract cost for Control Room Installation General Work Contract
\$66,782	Control Room Contract Change Order No. 1 (pending City Council approval of award for this agenda item)
\$1,572,019	Contract cost for Mechanical Installation General Work Contract
\$8,750	Mechanical Contract Change Order No. 1
\$3,145,149	Contract cost for Electrical Installation General Work Contract
\$98,560	Contract cost for UPS System
<u>(-\$1,010)</u>	UPS System Contract Change Order No. 1
\$16,206,590	Costs committed to date for conversion
\$9,793,410	Remaining Project Balance to cover miscellaneous equipment and modifications to the power plant needed for the fuel conversion