

**COUNCIL ACTION FORM**

**SUBJECT: POWER PLANT FUEL CONVERSION – MECHANICAL INSTALLATION  
GENERAL WORK CONTRACT - CHANGE ORDER NO. 2**

**BACKGROUND:**

In November of 2013, the City Council decided to convert the City's Power Plant from coal to natural gas. In May of 2014 the City Council selected 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 TEI Construction Services, Inc., Duncan, SC for the Mechanical Installation General Work Contract in the amount of \$1,572,019. The contract is to supply natural gas control and isolation valves. These valves are necessary at the natural gas pipeline interface between Alliant Energy's system and the COA's Steam Electric Plant (Units 7 & 8), where the valves will provide the necessary control and isolation of the natural gas from Alliant Energy's system to the power plant. **These valves were not included in the invitation-to-bid (ITB) package for the mechanical installation work because the necessary specifications (sizing and performance characteristics) for these valves were not finalized at the time the ITB package for the mechanical installation work needed to be issued. There are a total of fourteen (14) valves covered by this \$156,131 Change Order No. 2.** Change Order No. 1 was approved administratively previously for the purchase of Nordstrom valves at a cost of \$8,750.

The Engineer's estimate of the cost for this phase of the project was \$5,115,000. With this change order, the total costs for the Mechanical Installation General Work Contract within the project will be increased to \$1,736,900.

Overall, the total gas conversion project dollar amount committed to date (inclusive of this Change order No. 2) is \$16,554,092.50. 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. 2 with TEI Construction Services, Inc., Duncan, SC for the Power Plant Fuel Conversion - Mechanical Installation General Work Contract in the amount of \$156,131.
2. Reject contract Change Order No. 2.

**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 major phase will provide for the

mechanical work necessary to install the natural gas burners into the boilers, provide for the natural gas piping from the burners to the main Alliant Energy natural gas pipeline, and accomplish structural modifications and valve trains.

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 - TCS Bid 2
\$24,536	TCS Bid 2 Contract Change Order No. 1
\$898,800	Contract cost for Control Room Installation General Work Contract
\$66,782	Control Room Contract Change Order No. 1
\$1,572,019	Contract cost for Mechanical Installation General Work Contract
\$8,750	Mechanical Contract Change Order No. 1
\$156,131	Mechanical Contract Change Order No. 2
\$3,145,149	Contract cost for Electrical Installation General Work Contract
\$98,560	Contract cost for UPS System
(-\$1,010)	UPS System Contract Change Order No. 1
<u>\$166,835.50</u>	Contract cost for Portable Electric Space Heaters
<b>\$16,554,092.50</b>	<b>Costs committed to date for conversion</b>
<b>\$9,445,907.50</b>	<b>Remaining Project Balance</b> to cover miscellaneous equipment and modifications to the power plant needed for the fuel conversion