

COUNCIL ACTION FORM

SUBJECT: **POWER PLANT VALVE MAINTENANCE SERVICES CONTRACT –
CHANGE ORDER NO. 1**

BACKGROUND:

The Electric Utility's two high-pressure steam generation units in the City's Power Plant are referred to as Units No. 7 and 8. These units require regular professional maintenance and repair. This consists of emergency service, as well as regularly scheduled planned repairs and services during scheduled outages. Services include a large variety of boiler and pressure vessel maintenance and repairs, structural steel, pump and piping work, and other miscellaneous mechanical Power Plant work.

Due to these operational conditions, numerous valves are used to operate the Power Plant. These include isolation, control, check, relief and safety valves. These valves must be professionally repaired, tested, installed, replaced and maintained. Specially trained personnel perform this work.

On April 12, 2016, Council approved the contract renewal with Dowco Valve Co, Inc., Hastings, MN, for the Valve Maintenance, Related Services and Supplies Contract for Power Plant for the one-year period from July 1, 2016, through June 30, 2017 in the amount not to exceed \$90,000.

The proposed change order would be Change Order No. 1. This change order will add an additional \$75,000 to the current contract for FY2016/17. This will bring the total contract amount to \$165,000.

Power Plant staff has found an excess number of these valves needing significant repairs or replacement after performing field inspections. The number is well beyond the amount of valves originally anticipated needing repairs when this contract was renewed.

The approved FY 2016/17 Power Plant operating budget includes \$90,000 for this contract. Invoices paid will be based on contract rates for time and materials for services actually received. **Additional funding to cover this change order is available from FY 2016/17 Power Plant operating budget in the RDF Bin account.**

ALTERNATIVES:

1. Approve contract Change Order No. 1 with Dowco Valve Co, Inc., Hastings, MN, for the Valve Maintenance, Related Services and Supplies Contract for Power Plant Valve in the not-to-exceed amount of \$75,000. This will bring the total FY2016/17 contract value to a not-to-exceed amount of \$165,000.

2. Do not approve the change order.

MANAGER'S RECOMMENDED ACTION:

Proactive inspection of existing valves identified valves that originally seemed appropriate for rebuilding, but which now need to be replaced. In addition, the number of valves needing additional maintenance has increases. This change order will allow staff to proactively address these valves before they fail, rather than suffer an extended plant outage after they fail.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1 as stated above.