

**COUNCIL ACTION FORM**

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

**BACKGROUND:**

This contract consists of a variety of boiler and pressure vessel maintenance, including structural steel and pressure vessel repair. This consists of emergency service, as well as regularly planned repairs and services during scheduled outages.

On June 26, 2018, Council approved the contract renewal with TEI Construction Services, Inc., Duncan, SC, for the Boiler Maintenance Services Contract for Power Plant for the one-year period from July 1, 2018, through June 30, 2019 in the amount not to exceed \$200,000.

**The action being requested is to approve Change Order No. 1 to the Boiler Maintenance Services Contract.** This change order will add an additional \$450,000 to the current contract for FY2018/19. This will bring the total contract amount to \$650,000.

This Change Order is needed to increase the amount of funds in the current fiscal year contract. The original contract amount was budgeted with the plan to perform the capital project of replacing all Unit 8 superheat tubes with Inconel coated tubes this Fall. This project has been delayed until Fall 2019 in order to focus on the Unit 7 tube replacement project. The focus has shifted to Unit #7 at this time, because the unit can not burn RDF. With the tube work on Unit #7 complete, this unit will then be available during the extended outage in Unit #8 to complete the Capital Improvement Project (CIP). Because of the delay, thin sections of tubes in the superheat panels at the top of the boiler must be replaced in order to keep the boiler in a more reliable state and continue to burn Refuse-Derived-Fuel (RDF). These funds are also needed to replace refractory in the bottom of the boiler. The refractory is used to protect the lower tubes from the harmful atmosphere created by burning the RDF. The current refractory has thinned to the point of no longer covering some tubes and new refractory needs to be installed before these tubes see a significant amount of corrosion. **The Council should understand the additional funds authorized in this change order will not be spent unless needed.**

**It is important to note that the work being done with this Change Order, does not eliminate the need to do the Unit #8 Boiler Tube Replacement project covered in the CIP. This Change Order only allows staff to extend the reliability of Unit #8 for a couple of years, so that work can first be done to Unit #7 and the City can more reliably burn RDF during the short term. The CIP serves as the long-term solution to burn RDF with specialized tubes that have very long lead-time.**

The funding for this Change Order No. 1 will come from multiple accounts/projects in the Power Plant Maintenance budget. The following projects will be delayed until next fiscal year in order to pay for this higher priority change order:

- Replace RDF bin DC drives with AC drives
- Replace Unit 7 turbine oil coolers
- Perform detailed cleaning of both Unit 7 and Unit 8
- Repair damaged penthouse seals on Unit 8
- Perform overhauls on both Unit 7 and Unit 8 soot blowers
- Build covered parking for plant vehicles

Invoices will be based on contract rates for time and materials for services that are actually received.

**ALTERNATIVES:**

1. Approve contract Change Order No. 1 with TEI Construction Services, Inc., Duncan, SC for the Boiler Maintenance Services Contract for Power Plant in the not-to-exceed amount of \$450,000. This will bring the total FY2018/19 contract value to a not-to-exceed amount of \$650,000.
2. Do not approve the change order.

**MANAGER'S RECOMMENDED ACTION:**

This change order is necessary to complete needed repairs to Unit #8 during this coming Fall outage to keep the operating boiler more reliable. Funds will be expended only as work is required and in accordance with approved invoices.

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