

**COUNCIL ACTION FORM**

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

**BACKGROUND:**

The Electric Utility's two natural gas-fired, 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 which must be professionally repaired, tested, installed, replaced and maintained. Specially trained personnel perform this work.

On June 26, 2018, Council approved the contract renewal with Pioneer Industrial Corp, Hastings, NE, for the Valve Maintenance, Related Services and Supplies Contract for the one-year period from July 1, 2018, through June 30, 2019, in the amount not-to-exceed \$60,000.

**The action being requested is to approve Change Order No. 1 to the Valve Maintenance Services Contract.** This change order will add an additional \$16,000 to the current contract for FY2018/19. This will bring the total contract amount to \$76,000.

This Change Order is needed to increase the amount of funds in the current fiscal year primary contract. **The work on this contract was greater than staff originally anticipated. As a result, additional funds are needed to insure that enough money is available for the remaining part of this contract term.**

The approved FY2018/19 Power Plant operating budget includes \$60,000 for these services. The additional funding needed to cover this change order will come from the Building Maintenance account located in the FY2018/19 Power Plant operating budget.

Invoices will be based on contract rates for time and materials for services that are actually performed. Therefore, the additional funds authorized in this change order will not be spent unless needed.

**ALTERNATIVES:**

1. Approve contract Change Order No. 1 with Pioneer Industrial Corp, Hastings, NE, for the Valve Maintenance, Related Services and Supplies Contract in the not-to-exceed amount of \$16,000. This will bring the total FY2018/19 contract value to a not-to-exceed amount of \$76,000.
2. Do not approve the change order.

**CITY MANAGER'S RECOMMENDED ACTION:**

This change order is necessary to insure there is enough funding available for any work needed for the remaining part of the current contract term. 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.