

COUNCIL ACTION FORM

SUBJECT: NON-ASBESTOS INSULATION AND RELATED SERVICES AND SUPPLY CONTRACT FOR POWER PLANT- CHANGE ORDER #3

BACKGROUND:

On June 11, 2019, City Council approved preliminary plans and specifications for Non-Asbestos Insulation and Related Services and Supply Contract for Power Plant. This contract involves the removal, repair, and reinstallation of non-asbestos insulation at the Power Plant. It also includes installation of new insulation systems on pipes, ducts, equipment, vessels, boilers, and accessories throughout the Power Plant; repair and replacement of lagging systems; repair and replacement of jacketing systems and installation of new jacketing systems; fire-stopping insulation; and sound attenuation insulation.

On August 13, 2019, the Ames City Council approved a contract with HTH Companies, Inc. in the amount of \$80,000 for the non-asbestos insulation and related services and supplies. **It is important to note that the contract amount is not for a specific project, but rather the staff's best estimate of amount of work that might be performed in a given year. Rather than doing a lump sum contract, work is charged to the City based on the actual time and materials used for a specific task.**

PRIOR ACTIONS

Change Order No. 1, for \$15,000, was approved by staff for additional non-asbestos insulation in order to finish insulating piping that would operate at high temperatures when a unit is online. This action increased the approved contract amount with HTH to \$95,000.

Change Order No. 2, for \$65,000, was approved by Council for performing non-asbestos insulation installation required for two large capital projects performed at the Power Plant, including Unit 7 Boiler Tube Repair project and Unit 7 Turbine/Generator Overhaul project. This action increased the approved contract amount with HTH to \$160,000.

THIS ACTION

An emergency condition now exists where some lagging is falling off the Unit 8 Electrostatic Precipitator (ESP). Given the height and location of the ESP, falling lagging panels present a great safety risk to people and equipment. There is a CIP project in the current year to replace the lagging, insulation, and purlins on the Unit 8 ESP. However, the specifications have not yet been completely developed for the comprehensive repairs in the CIP project. **This immediate work to address the lagging**

on the east face of the ESP will need to be performed before the CIP project specifications are complete.

To perform the needed repairs, a contractor will build a large scaffold structure on the east side of the ESP to access the area where panels are falling from. A contractor will then remove the existing lagging and insulation to access the purlins that are the main issue for the falling lagging. The existing purlins will be removed and new purlins will be installed. New insulation will then be installed along with reinstalling the existing lagging. New lagging will be installed where the existing is damaged or missing. **The repair amount for the insulation and lagging would be \$70,000.00. These funds will be taken from the current CIP project approved funds because once this emergency work is performed, the lagging repairs on the east side of the ESP will be complete.**

Separately from the Unit 8 ESP repair, scaffolding is also needed to perform repairs on Unit 7 duct work. The ducting is showing signs of cracking as it enters the Unit 7 Stack and the old lagging and insulation surrounding the cracking is in poor condition. The insulation and lagging will be removed from the area, repairs to the cracks will be performed and new insulation and lagging will be installed. **The additional Unit 7 Duct work repairs will be \$32,000. These funds will be taken from the Power Plant O&M budget.**

The action being requested is to approve Change Order No. 3 to the Non-asbestos Insulation and Related Services and Supply Contract. This change order will add an additional \$102,000 to the current contract for FY 2019/20. This will bring the total contract amount to \$262,000.

Actual payments are calculated on unit prices bid and work performed limited by the available budget amount. **The Council should understand the additional funds authorized in this change order will only be spent on actual time and material used to perform the work.**

ALTERNATIVES:

1. Approve Change Order No. 3 to HTH Companies, Inc. in the amount of \$102,000 for additional non-asbestos insulation and related services, increasing the total contract amount to \$262,000. All labor and materials will be performed and invoiced on a time and material basis according to rates, terms, stipulations, and conditions specified in the original contract.
2. Do not approve the requested change order.

CITY MANAGER'S RECOMMENDED ACTION:

Because of the safety risk falling lagging presents to people and surrounding equipment, it is essential these repairs are completed within a timely manner. All labor and materials

will be performed and invoiced on a time and material basis according to rates, terms, stipulations, and conditions specified in the original contract. **In addition, the increase in the approved contract amount with HTH will not result in additional costs to the operating budget.**

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No.1 as stated above.