

ITEM# 24
DATE: 05-09-23
DEPT: Electric

COUNCIL ACTION FORM

SUBJECT: UNIT 8 BOILER REPAIR PROJECT – CHANGE ORDER NO. 3

BACKGROUND:

On November 24, 2020, the City Council approved a contract for the Unit 8 Boiler Repair Project to TEi Construction Services, Inc. (TEiC) of Duncan, South Carolina, for the bid amount of \$6,690,271. The project involved replacing all three superheat sections of the boiler with new, laser-applied Inconel-coated tubes. The project also included installing six new lower headers of the water wall tubes and eight riser tubes between the upper wall headers and the steam drum.

Change Order No. 1 was approved by City Council on December 20, 2020, in the amount of \$369,324, in order to account for additional sales tax obligation. The total price necessary to complete the scope of work totals \$7,059,595.

Change Order No. 2, in the amount of \$44,488, was to add extra work to straighten and repair the bow sag of the front and rear lower waterwall headers of Unit 8 boiler.

TEiC has installed the new superheat sections of the boiler and the boiler has operated with the new pressure parts for over a year. The contract has remained open because the portion of the job scope to install six new lower headers and eight riser tubes has not been performed. The pressure parts required for this work were severely delayed due to issues outside the contractor's control. The parts were received only after the superheat sections were replaced and the boiler was back online.

Because the installation of the pressure parts can now no longer be coupled with the boiler re-tube project as originally planned, it would now be significantly disruptive and costly to Power Plant operations to complete the project at this time. Doing so would require mobilizing and demobilizing the contractor, removing large sections of the boiler for access and then reinstalling them, removing and reinstalling a large portion of refractory, and performing additional heat treatment on existing equipment to accept the new pressure parts.

Staff is requesting City Council approval for Change Order No. 3, to deduct \$90,000 from the TEiC contract amount, and to remove from the project scope the work to install six new lower headers and eight riser tubes. The pressure parts installation will be needed in the future in the event the boiler continuously burns RDF into the future. If needed, the installation will be completed when the opportunity arises to complete a future boiler repair.

ALTERNATIVES:

1. Approve Change Order No. 3 to TEi Construction Services, Inc. of Duncan, SC to deduct \$90,000 for removing the portion of job scope including installing six new lower headers and eight riser tubes.
2. Do not approve the requested change order.

CITY MANAGER'S RECOMMENDED ACTION:

Most of this project has been completed except for replacing lower headers and adding eight additional riser tubes to the steam drum. This portion of the scope should be removed, and the contract price be reduced. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as described above.