

ITEM # 27  
DATE April 22, 2008

## COUNCIL ACTION FORM

### **SUBJECT: CONTRACT CHANGE ORDERS FOR SPECIALIZED POWER PLANT BOILER CLEANING SERVICES**

#### **BACKGROUND:**

On December 19, 2006, City Council awarded a contract to Hydro-Klean, Inc., Des Moines, IA, for specialized boiler cleaning services in a not to exceed amount of \$23,500. Electric Services has received invoicing which totals slightly over \$34,000 for cleaning services received to date. Change order #1 will authorize the payment of these invoices resulting from the emergency services provided earlier this fiscal year. Additionally, Plant staff estimates that \$34,500 more service will need to be purchased this fiscal year, which is the authorization requested in change order #2. Staff is requesting a total contract addition of \$45,000 to cover these two change orders. The FY 2007/2008 adjusted operating budget for Electric Production will include \$45,000 in the Unit #8 boiler maintenance account to cover the cost of these change orders.

During the current budget year, several unexpected and significant repair issues arose on both the Unit No. 7 and Unit No. 8 boilers. During outages, maintenance work was required on both units involving cleaning of boiler outlet ducts, precipitator inlets, condensers, cooling water heat exchanger, coal feeders, cooling towers and lube oil coolers in accordance with this contract. This cleaning work needed to be completed prior to boiler repair personnel being able to perform the required repairs to the boilers. The unscheduled outages earlier in the fiscal year have left this contract short of the necessary spending authority to address the scheduled cleaning of Unit No. 8 planned for later this year. The scheduled work still needs to be done to ensure efficient operation of the Plant.

Change Order No's. 1 and 2 to Hydro-Klean, Inc., would increase the contract amount by \$45,000 to cover the services provided to the Power Plant.

#### **ALTERNATIVES:**

- 1) Approve change order No's. 1 and 2 and increase the contract amount by \$45,000 for specialized boiler cleaning services, with Hydro-Klean, Inc., Des Moines, IA, to a total amount of \$68,500.
- 2) The City Council may deny this approval and ask staff for further information/options.

**MANAGER'S RECOMMENDED ACTION:**

The contract with Hydro-Klean, Inc. is necessary to properly maintain the Power Plant equipment and to carry out emergency and scheduled repairs resulting from equipment failures. The vendor has an excellent performance record on this contract and the Electric Utility has budgeted funding to cover the costs. It is also imperative that the City of Ames honors the good faith of contractors providing materials and services on an emergency basis by paying properly billed invoices in a timely manner.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, approving change order No's. 1 and 2 and increasing the contract amount by \$45,000 to Hydro-Klean , Inc., for specialized boiler cleaning services. This will bring the total contract amount to \$68,500.