

COUNCIL ACTION FORM

SUBJECT: APPROVAL OF CONTRACT CHANGE ORDER FOR BOILER REPAIR AND MAINTENANCE SERVICES

BACKGROUND:

On June 12, 2007, City Council renewed a contract with Plibrico Company, LLC, Omaha, NE, to provide boiler maintenance and repair services on an as-requested basis, at contract unit prices, in an amount not to exceed \$711,000.

In review of the last invoices for boiler repairs on Unit # 8 boiler this past spring, the current work on the FD fan and the work to be completed upon return of the shaft and rotor, electric staff believes there is a need to increase the contract amount by \$160,000.

This is not a request for an increase in the budget. Electric Services seeks to move money from one account with an unencumbered balance to the boiler maintenance contract and would do so at the appropriate time. The increase would cover the last outage on Unit # 8 boiler due to tube failures and boiler repairs (labor for three weeks most of which was running around the clock and the replacement of 61 tubes) and to cover the incurred cost of the emergency FD fan repairs which are still ongoing. For clarification, the boiler contract covers multiple crafts such as boilermakers and millwrights. Staff is estimating that the Power Plant will need \$80,000 to \$90,000 to cover the labor to complete the emergency FD fan and \$60,000 to \$70,000 if there is another boiler issue prior to July 1, 2008.

Staff would execute a change order with the contractor, Plibrico Company, LLC, Omaha, NE, to add money to this contract. This would be Change Order No. 2 for this agreement, bringing the total contract amount for the year to a not to exceed amount of \$871,000 with actual invoices based on labor and materials used.

ALTERNATIVES:

- 1) Approve Change Order no. 2, increasing the contract amount by \$160,000 for boiler repair & maintenance services with Plibrico Company, LLC, Omaha, NE, to a total contract amount of \$871,000.
- 2) The City Council may deny this approval and ask staff for further information/options.

MANAGER'S RECOMMENDED ACTION:

The work on this contract is necessary to properly maintain the Power Plant boilers. This contract also ensures that a qualified professional firm will respond to both scheduled and emergency needs for boiler repair and maintenance, and controls costs by having established billing rates. This spring has seen an unusually heavy number of repairs to Unit # 8 boiler in particular. The vendor has an excellent performance record on this contract and the Electric Utility has budget remaining to cover the costs. It is also imperative that the City of Ames honors the good faith of contractors providing materials and services to the departments 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, thereby approving contract Change Order no. 2 increasing the contract amount by \$160,000.00 for boiler repair & maintenance services, with Plibrico Company, LLC, Omaha, NE, to a total contract amount of \$871,000.00.