

**COUNCIL ACTION FORM**

**SUBJECT: POWER PLANT CHANGE ORDER FOR HEAVY DUTY SPECIALIZED CLEANING SERVICES**

**BACKGROUND:**

The City's Electric Utility has two coal-fired, high-pressure steam generation units within the City's Power Plant referred to as Unit No. 7 and Unit No. 8. These units require regular professional maintenance and repair. This consists of emergency service, as well as regularly scheduled planned repairs. The repair of the boilers on these generation units requires professional trade crafts such as boilermakers, steam/pipe fitters, and millwrights, to list a few.

The boiler units operate under environmental conditions with high heat and high pressure. Due to the operational conditions and fuel burned, the internal surfaces of the boilers are often covered with hardened ash, molten glass, and other substances, which coat the internal boiler tubes and boiler walls. Because of the conditions resulting from burning Refuse Derived Fuel (RDF), a reducing atmosphere exists in portions of the boiler and there are chlorides present from burning plastics. As a result, parts of the boiler units such as the superheat tubes and boiler wall tubes would eventually fail due to tube wasting.

When tube failures occur, the City contracts with private firms who have the expertise to perform the emergency repairs needed to bring the unit back into operation. Prior to the professional crafts entering the boilers to carry out inspections and repairs, the surfaces must be cleaned of ash coating and debris. This cleaning process requires high-pressure water washing, grit blasting, or use of explosives to loosen and remove the materials. After loosening or breaking up these substances, they are removed from the boiler using the sluice system or by large industrial vacuums.

On April 23, 2013, Council approved the contract renewal with W-S Industrial Services, Inc., Council Bluffs, Iowa, in an amount not to exceed \$151,000 for a number of "heavier duty" specialized cleaning services, including grit blasting, hydro blasting, detonation blasting, and vac truck services, for the one-year period from July 1, 2013, through June 30, 2014. Actual payments are based on time and material basis. Council should note that the City also has a contract for similar services with Bodine Services of Clinton for "lighter duty" cleaning services, which is also on this Council agenda for a change order.

Due to the need for additional services, on April 9<sup>th</sup> staff approved Change Order No. 1 in the amount of \$24,000 for additional funds to the current FY2013/14 contract.

The proposed change order would be Change Order No. 2. This change order will add an additional \$50,000 to the current contract for FY2013/14. This will bring the total contract amount to \$225,000. Staff has determined that recent outages on Unit #7 & #8 will exhaust the budgeted dollar amount prior to end of the fiscal year. Although there is no additional work scheduled at this time, having available funding authorization will allow staff to react quickly if the need arises. **The Council should understand the additional funds authorized in this change order will not be spent unless needed.**

The FY 2013/14 operating budget for Electric Production includes \$151,000 for boiler cleaning services to be performed under this contract. Funding to cover this change order will be transferred from another portion of the existing Unit 8 Boiler operating budget. **Payments will be calculated on unit prices bid and actual work performed, up to the available budget amount.**

**ALTERNATIVES:**

1. Approve contract Change Order No. 2 to W-S Industrial Services, Inc. in the amount of \$50,000. This will bring the total FY2013/14 contract limit to a not-to-exceed amount of \$225,000.
2. Reject contract Change Order No. 2 and allow the funds for these cleaning services to be exhausted prior to the end of the fiscal year.

**MANAGER'S RECOMMENDED ACTION:**

This change order is necessary to ensure a qualified professional firm will respond to both emergency and scheduled repairs resulting from equipment failures by having established billing rates. This contract allows the Power Plant to control the costs of these services to the extent possible.

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