

COUNCIL ACTION FORM

SUBJECT: POWER PLANT MAINTENANCE SERVICES CONTRACT – CHANGE ORDER NO. 1

BACKGROUND:

The Electric Utility has two coal-fired, high-pressure steam generation units within the City's Power Plant, referred to as Units No. 7 and 8. These units require regular professional maintenance and repair. This consists of both emergency and planned repairs and service. Services include a large variety of boiler and pressure vessel maintenance and repairs, structural steel, pump and piping work, coal handling system, coal pulverizer work, and other miscellaneous mechanical Power Plant work.

The repair of the equipment on these generation units requires professional trade crafts such as boilermakers, steam/pipe fitters and millwrights. The crafts are certified to install and repair high-pressure vessel and piping systems and other apparatus of the generation units. One of the most important aspects of this work is to provide the dependable, high pressure certified repairs and documentation required by State Code.

On April 28, 2015, Council approved the contract renewal with ProEnergy Services LLC, Sedalia, MO, for the Power Plant Maintenance Services Contract for the one-year period from July 1, 2015, through June 30, 2016 in the amount not-to-exceed \$720,000.

The proposed change order would be Change Order No. 1. This change order will add an additional \$148,445 to the current contract for FY2015/16. This will bring the total contract amount to \$868,445. This Change Order is needed so that ProEnergy Services can provide a specific skill set for a specific project. **Council will recall that on November 24, 2015 they approved a contract with Frenzelit to provide emergency service to repair the Power Plant Unit #8 expansion joints. This Change Order with ProEnergy Services will prove insulation materials and installation labor to re-insulate in and around the area were the expansion joints were replaced.** The amount of the Change Order, \$148,445, is based on a Lump Sum quote received by the City.

The FY 2015/16 operating budget for Electric Production includes \$720,000 for this contract. **Additional funding to cover this change order is available from savings realized in the budget from burning less coal than expected due to a plant shutdown in December. This resulted in a \$1,200,000 savings to the utility in FY 2015/16.**

ALTERNATIVES:

1. Approve contract Change Order No. 1 to ProEnergy Services LLC, in the amount of \$148,445. This will bring the total FY2015/16 contract value to a not-to-exceed amount of \$868,445.
2. Do not approve the change order. This action will result in the City not insulating the Unit #8 precipitator.

MANAGER'S RECOMMENDED ACTION:

This work, under Change Order #1, is necessary to provide insulation services to Unit #8. The cost is higher than one might expect due to the fact that the work will be performed outside in the winter, on scaffolding that is build 250 feet in the air. Insulating the Unit #8 precipitator will limit condensation and extend the life of the repair work already performed.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1 as stated above.