

COUNCIL ACTION FORM

SUBJECT: BOILER MAINTENANCE SERVICES CONTRACT FOR POWER PLANT– CHANGE ORDER NO. 2

BACKGROUND:

This contract consists of a variety of boiler and pressure vessel maintenance, including structural steel and pressure vessel repair. This consists of emergency service, as well as regularly planned repairs and services during scheduled outages.

On June 26, 2018, Council approved the contract renewal with TEI Construction Services, Inc., Duncan, SC, for the Boiler Maintenance Services Contract for Power Plant for the one-year period from July 1, 2018, through June 30, 2019 in the amount not to exceed \$200,000.

The action being requested is to approve Change Order No. 2 to the Boiler Maintenance Services Contract. This change order will add an additional \$235,000 to the current contract for FY2018/19. This will bring the total contract amount to \$885,000.

This Change Order is needed to increase the amount of funds in the current fiscal year contract. The amount of boiler tube repair required to date is much more than what was expected and the funds have been exhausted. The additional funds will allow for repairing tubes inside of Unit 8 boiler that have shown significant wear and severely threaten the reliability of the unit. The funds will also be used for any boiler tube emergency work needed before the end of the current fiscal year. **The Council should understand the additional funds authorized in this change order will not be spent unless needed.**

CHANGE ORDER HISTORY:

One change order was previously issued for this contract. Change Order No. 1 for \$450,000 was to increase the amount of funds in the current fiscal year contract and allow for repairing known thin tubes.

It is important to note that the work being done with this Change Order does not eliminate the need to do the Unit #8 Boiler Tube Replacement project covered in the CIP. This Change Order only allows staff to extend the reliability of Unit #8 until the tube replacement work is finished to Unit #7. The CIP serves as the long-term solution to burn RDF with specialized tubes that have very long lead-time.

The funding for this Change Order No. 2 will come from multiple accounts/projects in the Power Plant Maintenance budget. The following projects will be delayed until next fiscal year in order to pay for this higher priority change order:

- Replace Unit 7 grate parts
- Replace Unit 7 condensate and cooling water piping
- Perform cleaning on Unit 7 condenser and hydrogen and oil coolers
- Perform cleaning on Unit 7 Generating bank

Invoices will be based on contract rates for time and materials for services that are actually received.

ALTERNATIVES:

1. Approve contract Change Order No. 2 with TEI Construction Services, Inc., Duncan, SC for the Boiler Maintenance Services Contract for Power Plant in the not-to-exceed amount of \$235,000. This will bring the total FY2018/19 contract value to a not-to-exceed amount of \$885,000.
2. Do not approve the change order.

MANAGER'S RECOMMENDED ACTION:

This change order is necessary to complete needed repairs to Unit #8 to keep the operating boiler more reliable. Funds will be expended only as work is required and in accordance with approved invoices.

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