

ITEM #:	<u>23</u>
DATE:	<u>05-28-24</u>
DEPT:	<u>ELEC</u>

COUNCIL ACTION FORM

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

BACKGROUND:

The Electric Utility has two gas-fired, high-pressure steam generation units in the 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 plant maintenance and repairs, structural steel, pump and piping work, and other miscellaneous mechanical Power Plant work. The repair of the equipment on these generation units requires professional trade crafts such as laborers, millwrights, and steam/pipe fitters.

On March 14, 2023, City Council awarded a contract to Waldinger Corporation of Des Moines, IA, for the Power Plant Maintenance Services contract in the amount of \$300,000. The contract included time and material rates.

Waldinger has completed several projects under this contract including underground pipe replacement to the Unit 8 Cooling Tower, condensate storage piping replacement, tubing replacement for Unit 7 bottom ash hopper air valves, erecting the RDF Bin crane structure enclosure, and replacing the GT2 fuel oil supply line. **Some of these projects were unforeseen at the time the budgeting process occurred. However, they were required to be completed since their completion was critical to maintaining the reliability of generation.**

The Unit 7 air heater basket replacement project was planned to be performed within this fiscal year. A majority of the air heater baskets have been in place for over two decades serving under extreme conditions causing them to be tightly wedged in place. A group of the existing baskets were also found to be welded rather than bolted, causing the process of removal to be very difficult and take much longer than expected. Since invoices are based on contract rates for time and materials for services actually received, funds are being depleted more than anticipated. Staff is closely monitoring the contractor to ensure correct billing for work performed.

Due to additional projects performed on the PO and unforeseen issues with removing the old air heater baskets, the funds on the PO have been exhausted and additional money is needed to finish the air heater basket replacement.

Change Order No. 1, in the amount of \$140,000, is necessary to complete the Unit 7 air heater basket replacement project based on current progress. The additional funds for this change order will be paid from the Unit 7 Turbine/Generator account where there is \$145,000 available due to less equipment cleaning and testing required than was budgeted. Invoices will be based on contract rates for time and materials for services actually received.

ALTERNATIVES:

1. Approve Change Order No. 1 in the amount of \$140,000 to Waldinger Corporation, of Des Moines, IA, bringing the contract total to \$440,000 (inclusive of sales tax).
2. Do not approve the requested change order.

CITY MANAGER'S RECOMMENDED ACTION:

Replacement of the Unit 7 air heater baskets is required in order to maintain reliability and efficiency of Unit 7 generator. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as described above.