

**COUNCIL ACTION FORM**

**SUBJECT: CHANGE ORDER #1 TO MAINTENANCE SERVICES CONTRACT –  
RDF BIN REPAIR**

**BACKGROUND:**

The Power Plant has two natural gas-fired, high-pressure steam turbine electric generating units which are 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 variety of boiler maintenance and repairs, structural steel, pump and piping work, and other miscellaneous mechanical Power Plant work.

On August 11, 2020, the City Council approved a contract with Anderson Process & Instrumentation Solutions, LLC., Marshalltown, Iowa, for Maintenance Services at the Power Plant for the period from September 1, 2020, through June 30, 2021 in the amount not to exceed \$125,000 plus \$8,700 tax. This contract addresses routine repair and maintenance work to keep Power Plant components in operation.

A major project has been programmed into the Capital Improvement Plan (CIP) to perform significant repairs on the Refuse Derived Fuel (RDF) bin in FY 2021/22. The bin is used to receive RDF from Resource Recovery and convey the material into one of the boilers within the Power Plant where it is burned to produce electricity. The bin is made up of a large amount of structure and panel steel and a majority of those steel pieces are badly corroding. Staff is currently in the engineering/design stage and preparing to issue bids for the CIP project.

**Some areas within the bin have now corroded enough to where immediate safety and structural failure concerns exist. Staff is concerned that waiting to complete these particular repairs through the Capital Improvement project is not prudent. To complete these repairs in a timely and cost-effective way, staff is proposing to accomplish the work under the existing Maintenance Services contract with API.**

**The action being requested is to approve Change Order No. 1 to the Maintenance Services Contract. This change order will add an additional \$414,850 plus \$29,039.50 tax to the current contract for FY 2020/21 and allow API to procure materials and provide needed labor. This will bring the total contract amount to \$577,589.50 which will allow for urgent repairs at the RDF bin.**

There is \$300,000 budgeted in the FY 2020/21 Power Plant operating budget for RDF bin maintenance. The additional \$143,889.50 will come from the Operations account used for water treatment. This account has available funds because the Power Plant is not using chemicals at the rate anticipated for the current fiscal year. This decrease in chemical use is a result of operating Unit 7 instead of the larger Unit 8 through the current fiscal year.

REVENUES		EXPENSES	
Source	Amount	Source	Amount
Power Plant Maint. Services Account	\$133,700.00	Original Maint. Services Contract	\$125,000.00
		Original Contract Taxes	8,700.00
RDF Bin Maint. Account	300,000.00	<i>Subtotal</i>	<b>\$133,700</b>
Water Treatment Operations Account	143,889.50		
		Change Order #1	414,850.00
		Change Order #1 Taxes	29,039.50
		<i>Subtotal</i>	<b>\$443,889.50</b>
<b>TOTAL</b>	<b>\$577,589.50</b>	<b>TOTAL</b>	<b>\$577,589.50</b>

Invoices will be based on contract rates for time and materials for services actually received. API's pricing for time and materials has already been competitively bid under the Maintenance Services contract and was found to be the best value.

**It should be emphasized that while this change order is significant in comparison to the original contract amount, the alternatives would be to either wait to repair the bin under the major planned repair project or develop a separate project bid for this work and wait to initiate repairs until bids were received. Both options increase the possibility that a safety incident could occur in the meantime. Additionally, the risk increases that bin components could fail and result in an inability to operate the bin, which would halt Resource Recovery operations until repairs could be made.**

The repairs proposed to be completed through this change order would otherwise be completed through the upcoming major CIP repair project. **Therefore, staff expects the major CIP bin repair project to be reduced in cost as a result of increasing the scope and cost of the Maintenance Services contract now.**

**ALTERNATIVES:**

1. Approve contract Change Order No. 1 with Anderson Process & Instrumentation Solutions, LLC., Marshalltown, Iowa for the Maintenance Services Contract for Power Plant in the not-to-exceed amount of \$443,889.50. This will bring the total FY 2020/21 contract value to a not-to-exceed amount of \$577,639.50.
2. Do not approve the change order and direct staff to seek separate quotes for repairs.
3. Do not approve the change order and direct staff to continue using the RDF bin until it fails or deemed completely unsafe to work in. At that time, the Resource Recovery Plant would have to be shut down until the major overhaul project can be completed in the next year.

**CITY MANAGER'S RECOMMENDED ACTION:**

The condition of some structural components of the RDF bin is creating safety concerns and threatening the ability of the Power Plant to burn RDF. This change order is necessary to reduce major safety risks to Power Plant staff and ensure that the Power Plant does not lose the ability to receive and use RDF. The rates for time and materials have already been competitively bid and found to be an acceptable value.

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