

## FOR BOARD ACTION

Agenda Item # 7.b.

Meeting Date:

11/25/08

**SUBJECT:** Emission Reduction Project  
Mechanical Construction II Contract – Change Order 001

**PREPARED BY:** Wally Schlink  
Director of Power Resources

### ITEM DESCRIPTION:

The RPU Board approved the contract identified as Mechanical Construction II with Moorhead Machinery & Boiler Company for the installation of the NOx reduction equipment, ductwork and piping installation, boiler structural upgrades and burner modifications related to the SLP Emission Reduction Project. The firm lump sum price of the contract was \$3,402,011. The contract was written as a series of 18 different activities or items, each one with a specific scope and price, which when totaled make up the scope and lump sum value of the contract.

This work is at about 50% complete and staff is in the process of bringing the various Request For Information (RFI) and Engineering Change Orders (ECO) to completion which currently add up to approximately \$196,269.

Staff would like the authorization to shift funds from one activity or item to another within the contract which would be a change in scope but without any increase in the contract value. Specifically staff would propose shifting \$134,702 from Item 011 Start Up to Item 016 Contingency to cover the various work that has been identified through the RFI and ECO process.

Attached is a recommendation from the project engineers as well as a matrix identifying the various changes and costs.

### FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:

Request is for a contract change of scope but there are no additional funds being requested.

### UTILITY BOARD ACTION REQUESTED:

Staff requests Board approval of Change Order 001 to the Mechanical Construction II contract which is a change of scope shifting funds totaling \$134,702 from Item 011 in the contract to Item 016. The value of the contract will remain at the previously approved amount of \$3,402,011.

  
General Manager

  
Date

November 18, 2008

Mr. Walter Schlink  
 Director of Power Production  
 Rochester Public Utilities  
 4000 East River Road NE  
 Rochester, MN 55906-2813

Subject: Change Request Mechanical II Contract  
 Silver Lake Plant Unit 4, Emissions Reduction Project

Dear Mr. Schlink:

This letter is to request a change to the Mechanical II Contract. As shown on Exhibit A, the total contract amount is \$3,402,011. Also on Exhibit A, the Contract is broken down into 18 various numbered categories which add up to the total mentioned above.

We request approval to shift funds between two (2) of the categories:

Item#	Description	Current Amount	New Amount
011	Start-up and Testing Support	\$144,702	\$10,000
016	Contingency Amount	\$175,000	\$309,702
	Total Above	\$319,702	\$319,702

The reason for this request is as follows:

The project has tracked Requests for Information and Engineering Change Notices in an organized fashion throughout the work, and has a detailed listing of the related costs as shown in the attached cost matrix.

Our best estimates of these justified changes, which go to the 'Contingency' line item, currently add up to \$196,269. This construction work is about 50% completed as of mid-November, and we do not anticipate significant added costs beyond what is shown.

At the same time, we anticipate minimal costs going to the Startup and Testing line item. Very little support has been required from the Mechanical Contractors during loop checks and turnover.

Title  
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The ability to shift funds as needed would provide added contingencies in the event they are needed. We recommend allowing the project to shift funds as needed for added flexibility noting that the request does not increase the contract cost but only a change in scope of work.

Sincerely,



Roger B. Anderson, P.E., PMP  
Project Manager

Attachment

RBA/bls

**Mechanical II Contract**

Description	Approval Status	Submitted Costs	Estimated Costs	ZEC Estimate Reductions		
				10%	20%	30%
RFI No. 1 - Pipe boxout at ROFA fan platform	n/a		\$0.00	\$0.00	\$0.00	\$0.00
RFI No. 2A - Lead paint testing (Meyo)	MMB est.	\$2,773.51	\$2,773.51	\$2,773.51	\$2,773.51	\$2,773.51
RFI No. 3 - Ductwork insulation substitution	n/a	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
RFI No. 5 - ROFA ductwork support interference w/ existing harpger	MMB est.		\$1,825.00	\$1,842.50	\$1,460.00	\$1,277.50
RFI No. 6 - Division water supply	n/a		\$0.00	\$0.00	\$0.00	\$0.00
RFI No. 7 - Bands at ROFA/rotamix ductwork field splices	n/a		\$0.00	\$0.00	\$0.00	\$0.00
RFI No. 8 - Misc. Material procurement	ZEC est.		\$1,500.00	\$1,350.00	\$1,200.00	\$1,050.00
RFI No. 9 - Welding of SS schedule 10 pipe	n/a		\$0.00	\$0.00	\$0.00	\$0.00
RFI No. 10 - ROFA/rotamix fan alignment	ZEC est.		\$2,000.00	\$1,800.00	\$1,600.00	\$1,400.00
RFI No. 11 - ROFA ductwork/platform interference above fan	MMB est.		\$9,125.00	\$8,212.50	\$7,300.00	\$6,387.50
RFI No. 12 - Support below urea tank 4200	ZEC est.		\$8,000.00	\$7,200.00	\$6,400.00	\$5,600.00
RFI No. 13 - Urea tank drain lines	n/a		\$0.00	\$0.00	\$0.00	\$0.00
RFI No. 14 - ROFA ductwork stiffener/EJ interference	MMB est.		\$283.00	\$254.70	\$226.40	\$198.10
RFI No. 15 - Coal flow meter control panel mounting	MMB est.		\$3,700.00	\$3,330.00	\$2,960.00	\$2,590.00
RFI No. 16 - Sleeve damper installation	ZEC est.		\$50,000.00	\$45,000.00	\$40,000.00	\$35,000.00
RFI No. 17 - ROFA fan RTD oil leak	MMB est.		\$73.00	\$65.70	\$58.40	\$51.10
RFI No. 18 - ROFA ductwork/EJ interference at front of Boiler	ZEC est.		\$10,000.00	\$9,000.00	\$8,000.00	\$7,000.00
RFI No. 19 - Ammonia Slip meter installation	ZEC est.		\$8,000.00	\$7,200.00	\$6,400.00	\$5,600.00
RFI No. 20 - Rear platform rework for ROFA ductwork interference	MMB est.		\$3,300.00	\$2,970.00	\$2,640.00	\$2,310.00
RFI No. 21 - Premium lime compensation for completing urea system (Himec)	MMB est.		\$2,612.50	\$2,351.25	\$2,090.00	\$1,828.75
RFI No. 22 - ROFA fan lifting beam/floor opening	ZEC est.		\$8,000.00	\$7,200.00	\$6,400.00	\$5,600.00
RFI No. 23 - Additional Burner work requested by RPU	ZEC est.		\$15,000.00	\$13,500.00	\$12,000.00	\$10,500.00
RFI No. 24 - Urea/humidification tank dip tube clarification	n/a		\$0.00	\$0.00	\$0.00	\$0.00
RFI No. 25 - Float valve/blind flange supply for urea water surge tank	ZEC est.		\$500.00	\$450.00	\$400.00	\$350.00
RFI No. 26 - Sight glass supply/install for ROFA bearing cooling water	ZEC est.		\$1,000.00	\$900.00	\$800.00	\$700.00
RFI No. 27 - Painting requirements for Mech II	n/a		\$0.00	\$0.00	\$0.00	\$0.00
RFI No. 28 - Air supply for 5 rotamix valves	MMB est.		\$1,625.00	\$1,462.50	\$1,300.00	\$1,137.50
RFI No. 29 - Additional ductwork stiffening - balance draft conversion	ZEC est.		\$10,000.00	\$9,000.00	\$8,000.00	\$7,000.00
<b>Total Contingency Requirements</b>		<b>\$183,818.81</b>	<b>\$196,268.81</b>	<b>\$182,614.46</b>	<b>\$168,960.11</b>	<b>\$155,305.76</b>
<b>Delta From Approved (\$175,000)</b>		<b>-\$8,818.81</b>	<b>-\$21,268.81</b>	<b>-\$7,614.46</b>	<b>\$6,039.89</b>	<b>\$19,694.24</b>

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## RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve Change Order 001 to the Mechanical Construction II contract with Moorhead Machinery & Boiler Company for the Silver Lake Plant Unit 4 Emissions Reduction Project which is a change of scope shifting funds totaling \$134,702 from Item 011 in the contract to Item 016. The value of the contract will remain at the previously approved amount of \$3,402,011.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 25<sup>th</sup> day of November, 2008.

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President

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Secretary