

FOR BOARD ACTION

Agenda Item # 6.b.

Meeting Date:

2/24/09

SUBJECT: Emission Reduction Project
Mechanical Construction II Contract – Change Order 002

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.

This work is substantially 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 \$354,180.71 and are defined in the Engineer's Attachment A: Mechanical II Contract.

Attached is also a recommendation from the Project Engineer.

FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:

Request is for a contract change order with the scope as identified on the Engineer's summary and the authorized amount of the contract increased by \$200,000. This amount is included in the project contingency and will not increase the overall project budget.

UTILITY BOARD ACTION REQUESTED:

Staff requests Board approval of Change Order 002 to the Mechanical Construction II contract which is a change of scope and will require additional funds in the amount of \$200,000. The value of the contract will increase to \$3,602,011.


General Manager

2/20/09
Date

ROCHESTER PUBLIC UTILITIES

February 16, 2009

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

Subject: Change to Mechanical II Construction Contract

Dear Mr. Schlink:

This letter is to request a change to the Mechanical II Construction Contract. The Project requests increasing the contingency amount from \$175,000 to \$375,000 (an increase of \$200,000) and the funds will come out of the overall project contingency.

The reasons for this request are as follows:

The change order summary (Attachment A) indicates the additional work scope costs and contingency requirements. As shown in the attachment the contingency overage is \$179,181.

Of the projected contingency costs (\$354,181) 100 percent of the work is complete and considered to be fixed. The costs have already been submitted by Moorhead Machinery & Boiler Company or have been formally approved by the Project. Also, about 3 percent (\$12,085) will be charged back to the equipment vendors.

The Project does not foresee any additional changes as most contractors have demobilized and most equipment/material has been checked and is operational.

Zachry Engineering recommends authorization of the additional contingency as noted above.

Sincerely,



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

RBA/dlk

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RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve Change Order 002 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 as identified on the Engineer's summary, and the authorized amount of the contract increased by \$200,000. This amount is included in the project contingency and will not increase the overall project budget. The value of the contract will increase to \$3,602,011.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 24th day of February, 2009.

President

Secretary