

COUNCIL ACTION FORM

SUBJECT: POWER PLANT UNIT 8 WATERWALL INSTALLATION CHANGE ORDERS

BACKGROUND:

This project is addressing tube wastage in the power plant's Unit No. 8 boiler by replacing the waterwalls below the 165 feet and 150 feet elevations to the lower weld lines.

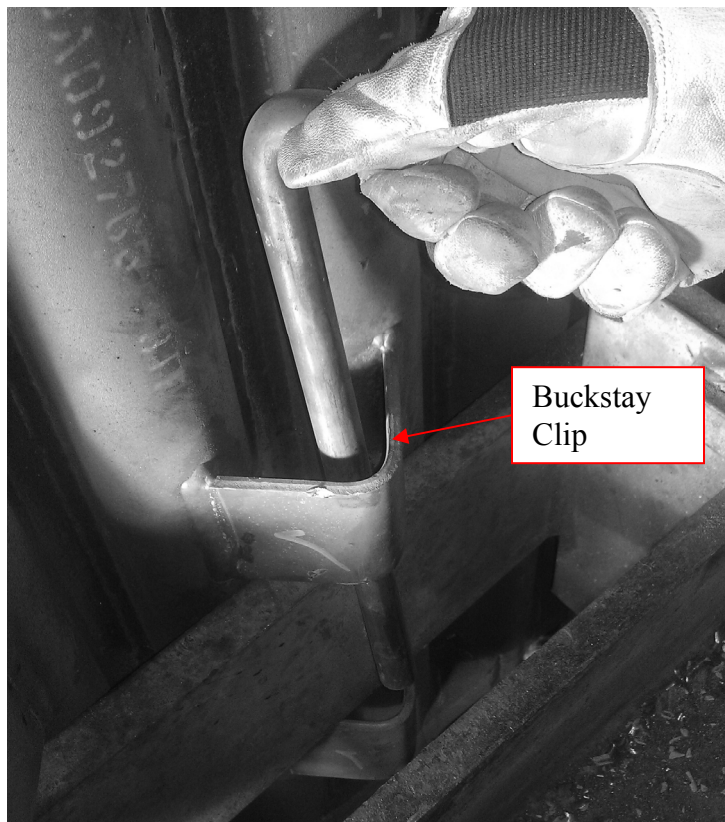
On April 27, 2010, City Council awarded a contract to AZCO Inc. for this project in the amount of \$2,417,106.13. The project was originally scheduled to be completed during the Power Plant's spring outage, but was delayed to the fall while awaiting a regulatory determination from the Iowa Department of Natural Resources (DNR). A determination was made and the project is now underway.

Council authorization for two change orders is now needed. Change Order #7 is to have AZCO remove 92 buckstay clips from the east wall of the boiler. Change Order #8 is to have AZCO alter buckstay clips on the north and south side walls of the boiler.

Buckstay clips are the means of attachment between the new waterwall panels and the existing buckstay beams. Buckstay beams prevent the boiler walls from bowing against the furnace pressure.

The picture to the right shows a buckstay clip and the current interference that is preventing the pins from being installed in the buckstay clips. The existing buckstay beams are twisted and bowed to the extent that there is not enough clearance to install the attachment pins.

Council should note that six change orders have already been approved for this contract. Change Order No. 1 was for an extension



of the contract expiration date from September 6, 2010, to October 6, 2010. That change order allowed staff additional time to receive a determination from the DNR and also for AZCO to propose its increase in cost to the City associated with a future extension of the contract expiration date by 180 days. There was no cost for Change Order No. 1.

Change Order No 2 was for an extension of the contract expiration date from October 6, 2010, to October 21, 2010. That change order allowed staff and AZCO additional time to negotiate an agreement on AZCO's proposed cost increase for the 180 day extension, and allowed for time to present it to the City Council. Again, there was no charge for Change Order No. 2.

Change Order No. 3 for \$396,200 extended the contract expiration date by 180 days from the original contract expiration date of September 6, 2010 to March 5, 2011.

Change Order No 4 was for an extension of the contract expiration date from March 5, 2011, to March 25, 2011. This change order prevented the contract from expiring while Change Order No. 5 was prepared for City Council for consideration. There was no charge for Change Order No. 4.

Change Order No 5 was for an extension of the contract expiration date by 281 days to December 31, 2011 from the Change Order No. 4 date of March 25, 2011. Overall, the contract expiration date has been extended by 481 days from the original contract expiration date of September 6, 2010.

Change Order No. 6 for the not to exceed amount of \$45,000 was for AZCO to procure and install two additional panels.

The cost of Change Order No. 7 is \$5,650 and of Change Order No. 8 is \$2,200. The basis of these change orders are the contractor's additional labor costs arising from the additional work on the aforementioned buckstay clips.

The total project cost for the project including Change Order No.'s 7 and 8 will be \$2,948,448.13. The current contract with AZCO, including Change Order No.'s 7 and 8 is still \$377,838.01 less than the second lowest bid in the original bid process.

The Engineer's estimated cost for the installation was \$3,575,000, which included a contingency amount of \$260,000. Of the \$4,876,106 budgeted in the approved 2009/10 Capital Improvements Plan, slightly over \$3.4 million remains in the 2010/11 project budget for Unit #8 Boiler Tube work. Tube material was purchased previously, separate from this contract award. This installation budget has been carried over from 2009/10 and is included in the 2010/11 adjusted Electric budget.

ALTERNATIVES:

1. a. Approve contract Change Order No. 7 to AZCO. Inc., in the amount of \$5,650 for Unit 8 Waterwall Installation Project.
- b. Approve contract Change Order No. 8 to AZCO. Inc., in the amount of \$2,200 for Unit 8 Waterwall Installation Project. Overall, the total contract cost will increase to \$2,948,448.13.
2. Reject contract Change Order No.'s 7 and 8.

MANAGER'S RECOMMENDED ACTION:

This project is critical to address the Unit No. 8 tube problems by replacing the bottom 50 feet of tubing in the boiler. The change order currently proposed will allow the installation of the waterwalls to proceed with no delays.

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