

**COUNCIL ACTION FORM**

**SUBJECT: POWER PLANT UNIT NO. 8 STACK REPAIR**

**BACKGROUND**

On July 13, 2010, City Council approved preliminary plans and specifications for the Unit 8 Stack Repair. This project addressed the cracked and broken liner in Unit No. 8 steel stack by replacing the gunite lining system in the top one-hundred feet of the stack.

On September 1, 2010, bids were received and Electric Services staff evaluated the bids and determined that the bid, submitted by Gerard Chimney Company was acceptable. The amount of the contract as awarded on September 10, 2010, was \$191,400 plus applicable sales taxes to be paid directly by the City of Ames to the State of Iowa.

There were a total of three change orders for this project. Change Order No. 1, at a cost of \$0, reduced the City's notification period to start work down to a two week notice. Change Order No. 2, at a cost of \$0, extended the contract so that the work would be done during the 2011 fall outage. Change Order No. 3, at a cost of \$26,416.26, extended the contract though December 31, 2012 as we awaited an opinion letter from legal counsel. The total contract amount including all change orders is \$217,816.26 plus applicable sales taxes to be paid directly by the City of Ames to the State of Iowa.

The Engineer's estimate of the cost of the repair was \$397,000. The approved FY 2010/11 operating budget for the Power Plant contained \$350,000 for Unit No. 8 stack repair. A total of \$17,000 of this budgeted amount was used for the engineering portion of the project, and as a result \$333,000 remained to do the repair work. These dollars were carried forward into the FY 2011/12 budget.

All of the work included in the contract with Gerard Chimney Company has now been completed. The Power Plant Engineer has provided a certificate of completion.

**ALTERNATIVES:**

- 1) Accept completion of the contract for the Unit 8 Stack Repair with Gerard Chimney Company at a total cost of \$217,816.26, and authorize final payment to the contractor.
- 2) Delay acceptance of this project.

**MANAGER'S RECOMMENDED ACTION:**

The contractor for the Unit 8 Stack Repair has completed the work under the contract, and the City is legally required to make final payment to the contractor. Therefore, it is

the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.