

COUNCIL ACTION FORM

**SUBJECT: MID-AMERICAN ENERGY COMPANY (MEC) INTERCONNECTION
161KV LINE CONSTRUCTION CHANGE ORDER #2**

BACKGROUND:

This project is to construct a 161kV line from Ames' Plant Substation to Mid-American Energy Company's (MEC) 161kV switching station northeast of Ankeny. The work involved in this project is the final phase of a 5 phase project to increase electric delivery into the City and provide reliable electric service to the customers of Ames under many different outage scenarios. This will complete a multi-year project started in FY 2003/04.

On October 23, 2012, City Council awarded a contract to Hooper Corporation of Madison, WI, for the MEC Interconnection 161 kV Line Construction in the amount of \$9,054,395.90. One change order has already been approved for this contract by Donald Kom per the Purchasing Policy. This change order was for unit adjustments resulting from design adjustments made prior to construction and did not result in any additional cost to the contract. **The City Council is now being asked to approve a second change order as the result of 3 issues.**

Issue 1: Additional optical ground wire (OPGW) - \$50,880

There are two OPGW reels that deteriorated beyond recovery after sitting in storage for six years. Of the 12 reels that were previously purchased for this project in 2007, 10 were able to be re-spooled and used, but two reels were deteriorated so badly that the flanges and interior hubs collapsed and were no longer able to support the weight of the wire sufficiently to re-spool it to new reels and must now be replaced. The wire on the two severely deteriorated reels will be sold for scrap.

Issue 2: Provide for additional tree clearing services - \$70,000

While tree clearing was not specifically included in the construction contract, there were sufficient construction-allowance units contained within the contract for the \$155,500 expended through May for tree clearing. Tree clearing and cleanup activities are currently suspended in order to approve this change order. An additional \$70,000 is needed to complete tree clearing and the necessary clean-up of limbs and debris for a total tree clearing cost of \$225,500. Of this additional \$70,000, approximately \$10,000 is required for wood haul-off and cleanup of the Waste Water Treatment plant site. Stump/tree removal and clean-up costs have been higher than expected on this project, but has been necessary to satisfy the various owners along the route.

Issue 3: Tire Disposal - \$2,400

This change order will cover special construction charges not included in the allowance for construction. This portion of the change order is for a special haul-off and disposal charge for tires unearthed while constructing the portion of the line along the south end of the Landfill.

The total cost of these three issues results in Change Order #2 totaling \$123,280 which will bring the total approved contract with Hooper to \$9,177,676.

A summary of project expenses since 2003 for establishment of external electrical interconnections is highlighted below.

SUMMARY OF EXPENSES FOR INTERCONNECTION IMPROVEMENT PROJECT

	Substations and Ames-Boone Jct. 161 kV line	In-town 161kV line	MEC N.E. Ankeny line and easements	Proposed Ames-N.E. Ankeny 161 kV line	TOTAL
FY03-08	\$13,907,987		\$340,617		\$14,248,604.00
FY 08/09		\$2,334,309	\$208,245		\$2,542,554.00
FY 09/10		\$1,732,388	\$479,785		\$2,212,173.00
FY 10/11		\$786	\$60,116	\$127,020	\$187,922.00
FY 11/12			\$63,865	\$379,614	\$443,479.00
FY 12/13				Materials -\$523,270.00 Encumbered - \$261,264 Year to date - \$3,858,831	\$4,643,365
FY 13/14				Remaining \$ - 5,303,070 Change Order #2 - \$123,280	\$5,426,350
TOTAL	\$13,907,987	\$4,067,483	\$1,152,628	\$10,576,349	\$29,704,447

ALTERNATIVES:

- 1a. Approve contract Change Order No. 2 to Hooper Corporation of Madison, WI, in the amount of \$123,280 for MEC Interconnection 161 kV Line Construction.
- 1b. Authorize the redirection of \$123,280 from 2013/2014 CIP for 69 kV Transmission Reconstruction project.
2. Reject contract Change Order No. 2.

MANAGER'S RECOMMENDED ACTION:

Moving ahead with this project does not come without some risk, since the decision by the Iowa Utilities Board was challenged in court by the two current objectors. However, the City Attorney has consulted with our outside legal counsel and the risk appears to be minimal.

It should also be pointed out that there are additional costs associated with the project that remain undetermined at this point. These include, but are not limited to, Iowa Utilities Board costs estimated at \$88,800, NE 29th St communication relocation costs estimated at \$29,500, and crop damage payments estimated at \$50,000. There are also still some possible future court/legal/condemnation costs related to NE29th parcels along with a required Electric Magnetic Field (EMF) study that may cost around \$10k (engineering & instrumentation).

The timely completion of this tie line is extremely critical to our goal of providing reliable electricity to our customers. As such, this project represents the top priority capital improvement for Electric Services. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.