

COUNCIL ACTION FORM

SUBJECT: ACCEPTANCE OF COMPLETION FOR UNIT 8 BOILER SUPERHEATER & BOILER TUBE REPLACEMENT PROJECT

BACKGROUND

On March 6, 2012, City Council approved preliminary plans and specifications for the Unit 8 Boiler Superheater & Boiler Tube Replacement Project. This project will address tube wastage and metallurgy issues by replacing the Power Plant's Unit 8 secondary superheater tube section.

On April 25, 2012, bids were received and staff determined that the low bid submitted by AZCO INC. was acceptable. The amount of the contract as awarded on May 8, 2012, was \$1,804,300 (inclusive of applicable Iowa sales tax).

There were two change orders to this contract. **Change Order No. 1, for \$22,831**, increased funds to cover costs associated with the installation of additional spacer bars. **Change Order No. 2, for \$23,824.00**, increased funds to cover costs associated with excessive cleaning in the penthouse, repair of damaged refractory previously identified and not in AZCO's original job scope, and the replacement of insulation removed for the attemperor inspection. **The contract amount including these two change orders is \$1,850,955.**

Council should note that the final amount invoiced totaled \$1,846,062.41, which is less than the contract amount by \$4,892.59. This is due to the time and material (T&M) charges associated with the change orders were less than anticipated.

The Engineer's estimate of the cost of this replacement was \$2,475,000. The original approved (FY 2011/12) budget included \$2,500,000 for materials and labor for the superheater installation.

All of the work included in the contract with AZCO INC. has now been completed, and the Power Plant Engineer has provided a certificate of completion.

ALTERNATIVES:

- 1) Accept completion of the contract for the Unit 8 Boiler Superheater & Boiler Tube Replacement Project with AZCO INC. at a total invoiced cost of \$1,846,062.41, and authorize final payment to the contractor.
- 2) Delay acceptance of this project.

MANAGER'S RECOMMENDED ACTION:

The contractor for the Unit 8 Boiler Superheater & Boiler Tube Replacement Project has completed the work under the contract. The Power Plant Engineer has issued a certificate of completion on the work, 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.