

COUNCIL ACTION FORM

**SUBJECT: ACCEPTANCE OF COMPLETION FOR POWER PLANT UNIT #7
FEEDWATER HEATER REPLACEMENT**

BACKGROUND

On October 28, 2014, City Council approved preliminary plans and specifications for the Unit #7 Feedwater Heater Replacement. This project is for a contractor to supply and replace feedwater heaters on Power Plant Unit #7. Feedwater heaters are devices that use extraction steam from the turbine to preheat the feedwater prior to returning to the boiler. This increases the efficiency of the entire steam generating system.

On November 26, 2014, bids were received and staff determined that the low bid submitted by American Exchanger Services, Inc. was acceptable. **The amount of the contract as awarded on December 9, 2014, was \$283,705 plus applicable sales taxes in the amount of \$15,330 to be paid directly by the City of Ames to the State of Iowa.**

There were three change orders to this contract.

Change Order No. 1 for \$12,400 was to change head design for both #7 HP heaters.

Change Order No. 2 for deduct of (-\$3,500) was American Exchanger Services, Inc. to retain the old heater for scrap.

Change Order No. 3 for \$7,450 was to cover equipment rental and shipping charges due to delay of install caused by receipt of construction permit late.

The contract amount including these three change orders is \$300,055.

The Engineer's estimate of the total contractor cost for this project is \$850,000. The FY 2015/16 Capital Improvements Plan includes \$450,000 for the Feedwater Tube Replacement for Unit #7 project.

All of the work included in the contract with American Exchanger Services, 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 #7 Feedwater Heater Replacement with American Exchanger Services, Inc. at a total cost of \$300,055, and authorize final payment to the contractor.
- 2) Delay acceptance of this project.

MANAGER'S RECOMMENDED ACTION:

The contractor for the Unit #7 Feedwater Heater Replacement 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.