

**COUNCIL ACTION FORM**

**SUBJECT:**     **CHANGE ORDER No. 1 - UNIT 7 BOILER REPAIR PROJECT**

**BACKGROUND:**

On March 26, 2019, the Ames City Council approved the award of a contract to Helfrich Brothers Boiler Works, Inc. of Lawrence, MA, in the amount of \$6,376,685 for the Unit 7 Boiler Repair Project.

As was reported in the March 26, 2019, Council Action Form (CAF) recommending the award of contract to Helfrich, staff had sufficient concerns about the subcontractor's laser application processes to invoke Section 7.3 of Category III of the Invitation to Bid (ITB), which allows the City to reject a proposed subcontractor. Section 7.3 of Category III reads as follows:

*"The City may reject a proposed subcontractor or supplier after due investigation. If a proposed subcontractor or supplier is rejected, the contractor shall submit an acceptable replacement for the rejected subcontractor or supplier and the contract price will be adjusted by the difference in the actual subcontract cost and an appropriate change order will be issued."*

City staff communicated its concerns about the original proposed subcontractor to Helfrich, requesting that they find a replacement subcontractor or subcontractors to apply the alloy overlay or cladding to the boiler tubes, which they willingly did. As a result, Helfrich submitted a price adjustment increase of \$233,260 (\$218,000 + \$15,260 sales tax) associated with the replacement subcontractors. This information, together with the need for a Change Order, was communicated to the City Council in the original CAF on March 26, 2019.

**THIS ACTION**

**Therefore, it is recommended that a Change Order (No. 1) in the amount of \$233,260 (inclusive of Iowa sales tax) be approved to account for the additional pricing associated with the replacement subcontractors requested by the City when it invoked Section 7.3 of Category III of the ITB. The total evaluated price including the bid proposal plus Change Order No. 1 necessary to accomplish the scope of work is \$6,609,945.**

**With the engineer's estimate of \$8,400,000 for this project, the low bid plus the change order is \$1,790,055 less than the engineer's estimate, and is \$384,899 less than the next highest bid.**

The FY 2019/20 Capital Improvements Plan (CIP) includes the following funding for the Unit No. 7 Boiler Repair Project:

2015/16 Engineering	\$5,150
2016/17 Engineering	\$125,796
2017/18 Engineering	\$50,000
2019/20 Materials/labor superheat and waterwalls	\$8,400,000
<b>TOTAL</b>	<b>\$8,580,946</b>

**ALTERNATIVES:**

1. Approve Change Order No. 1 in the amount of \$233,260 (inclusive of sales tax) to Helfrich Brothers Boiler Works, Inc., of Lawrence, MA, for the Unit 7 Boiler Repair Project.
2. Do not approved Change Order #1

**CITY MANAGER'S RECOMMENDED ACTION:**

This project will go to great lengths to address Unit 7's boiler tube failures. It is crucial that the project proceed as soon as possible in order to minimize downtime for this boiler and to increase the Power Plant's availability and reliability.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.