

ITEM #: 22
DATE: 03-12-24
DEPT: ELEC

COUNCIL ACTION FORM

SUBJECT: COMBUSTION TURBINE FUEL OIL PIPE INSTALLATION - PROJECT COMPLETION

BACKGROUND:

The City's Electric Utility operates two combustion turbines (CT1 & CT2). These units, located at the Dayton Avenue Substation, burn fuel oil to rotate a generator and produce electricity. In 2010, the underground fuel line from the fuel oil pump house to CT1 failed, causing fuel oil to leak underground. The underground fuel oil line from the fuel oil storage tank to the pump house is similar age to the line that leaked in 2010 and is the last remaining underground piping that is original to the unit. This project consists of installation of double-walled carbon steel piping to replace the remaining, original, underground fuel oil piping.

On February 14, 2023, City Council awarded the contract to Modern Companies Inc., of Cedar Rapids, Iowa, in the amount of \$391,700, inclusive of sales tax. There were two change orders:

- Change Order No. 1 in the amount of \$46,056.43 was for unforeseen work to secure labor and services to help identify the source of oil contamination that was found while performing excavation under the original scope. The change order was to pay for the digging and removal of contaminated materials.
- Change Order No. 2 in the amount of \$35,000 was for additional work to secure labor and services to continue to help identify where oil contamination was coming from and to pay for the digging and removal of contaminated materials.

A separate contractor was responsible for the proper disposal of the contaminated material. The original scope of replacing the underground fuel oil line from the fuel oil storage tank to the pump house is now complete. The source of the contamination was found to be a pinhole leak in the fuel oil supply line coming from the pump house going to CT2. The entire supply line was replaced with a more rugged material and the contaminated soil and ground water were removed and disposed of according to state requirements. No contamination outside the property line was ever detected. The Iowa Department of Natural Resources was notified when the contamination was found and was included throughout the investigation and cleanup efforts.

All the requirements of the contract have been met by Modern Companies Inc. and the Engineer has provided a certificate of completion. Staff would now like to close the project and release retainage.

The total of the contract and the two change orders is \$472,756.43. The approved FY 2020/21 Fuel Oil Piping Installation Capital Improvements Plan project included \$150,000 for this project. Because of the priority for this project to be completed, the funds from two other Capital Improvements Plan projects were used to cover the shortfall: savings from the FY 2022/23 Unit 7 Main Steam Line Insulation Replacement and savings from the FY 2021/22 Unit 8 Turbine/Generator Overhaul. The funds available from savings in these projects were \$210,000 and \$68,055 respectively, providing a

total of \$428,055 for the project. The additional funding of \$44,701.43 for funding the two change orders was from the 2023/24 Power Plant Operation and Maintenance budget.

ALTERNATIVES:

1. Accept Combustion Turbine Fuel Oil Pipe Installation project as completed by Modern Companies Inc., Cedar Rapids, IA, in the amount of \$472,756.43, and release retainage.
2. Delay the completion of the project.

CITY MANAGER'S RECOMMENDED ACTION:

The project has now been completed in accordance with the approved plans and specifications. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as noted above.

ATTACHMENT(S):

[Acceptance of Completion Letter_SIGNED.pdf](#)