

**COUNCIL ACTION FORM**

**SUBJECT: APPROVAL OF CHANGE ORDER CANCELLING REMAINDER OF CONTRACT FOR 161-KV TRANSMISSION LINE MATERIALS AND ACCEPTANCE OF COMPLETION OF CONTRACT**

**BACKGROUND:**

On June 13, 2006, City Council awarded contracts to furnish 161-kV transmission line materials for the 161-kV interconnection project. Laminated Wood Systems, Inc. of Seward, Nebraska, was awarded Bid Nos. 2 and 3 for wood structures in the total amount of \$2,420,735.70. Two change orders have been approved by City Council, and the revised current total contract amount is \$2,389,817.49.

On November 20, 2007, City Council accepted partial completion of the contract and released funds that had been retained for materials delivered up to that time. Laminated Wood Systems agreed to delay the remainder of the wood structures on the contract since the installation of the structures had been delayed.

Laminated Wood Systems, Inc. has now agreed to cancel the remainder of the contract without penalty upon payment for miscellaneous hardware already delivered in the amount of \$66,580.75 including sales taxes. The balance of the materials to cancel is \$1,356,891.97 and that amount is shown as a contract decrease on proposed Change Order No. 3. The certification of completion by the consulting engineer from DeWild Grant Reckert & Associates (DGR) is attached for the portion of the contract that has been completed.

All of the poles purchased under this contract, approximately \$1,000,000, can be used for the planned upgrade of our transmission line through the city limits that will benefit the electric utility even if the connection to the Ankeny substation is delayed indefinitely.

Roughly 50% of the \$66, 580.75 that is stilled owed under this contract is for miscellaneous hardware that is specifically designed to follow the previously proposed route. Staff is recommending that these materials be retained until the new route study is complete in the hope the City will be able to use these materials. If this is not the case, it might be possible that the supplier will take back the materials and charge only a restocking fee.

**ALTERNATIVES:**

1. Approve Change Order No. 3 to the contract with Laminated Wood Systems, Inc., Seward, Nebraska, cancelling the remaining \$1,356,891.97 on the contract for wood

structures for the 161-kV interconnection project for Electric Services, accept completion of the contract, and authorize final payment.

2. Do not approve Change Order No. 3 and leave contract for wood structures for the 161-kV interconnection project in place.

**MANAGER'S RECOMMENDED ACTION:**

The 161-kV interconnection project is delayed pending a new route study. The contractor for wood structures for the previously planned route has agreed to cancel the remainder of the contract without penalty upon final payment for materials already delivered.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving Change Order No. 3 to the contract with Laminated Wood Systems, Inc., Seward, Nebraska, cancelling the remaining \$1,356,891.97 on the contract for wood structures for the 161-kV interconnection project for Electric Services, accepting completion of the contract, and authorizing final payment