

COUNCIL ACTION FORM

SUBJECT: 161-KV INTERCONNECTION PROJECT ENGINEERING SERVICES AGREEMENT CHANGE ORDERS—AMENDMENT 7

BACKGROUND:

The FY 2011/12 budget includes a project to install a 161-kV interconnection with MidAmerican Energy Company (MEC).

On August 24, 2004, the City Council approved an engineering services agreement with DeWild Grant Reckert and Associates Company (DGR) for engineering and construction management services for this interconnection project in the amount of \$1,375,500. Change Order Nos. 1 through 3 and 4 were approved by City Council on August 8, 2006 and May 22, 2007, respectively, for a total contract cost increase of \$98,103. Change Order 5 was approved by the City Manager to provide for additional Engineering Services for the completion of the in-town 161kV line. The cost of Change Order 5 was \$46,781, and provided for additional engineering services for design modifications and rebidding of the construction of the in-town 161kV line, and also to provide additional administrative services associated with adjusting and canceling material deliveries for the 161kV line to be constructed to NE Ankeny.

Change Order 6 was approved by Council on November 24, 2009, to provide for additional design and right of way services to complete the 161kV interconnection. The total cost of Change Order No. 6 was \$351,200. The line to Ankeny was delayed due to a franchise denial by the Iowa Utilities Board (IUB) in 2008. A franchise must be granted by the IUB in order for Ames to construct the majority portion of its planned 161kV transmission line which lies outside Ames' city limits. Subsequent to the denial of the first franchise petition, a revised routing study has been completed to satisfy IUB requirements. Voluntary easements have been obtained for all but two parcels in Story County; these two parcels are under the same 4-party ownership. Three of the four owners have given the City their approval for an easement. It appears that condemnation proceedings will be required to obtain the remaining 25% interest in these two parcels. A revised petition has been submitted to the Iowa Utilities Board and a hearing has been scheduled for December 8, 2011.

A number of design changes have been required as a result of the new route study and resulting route changes. The Iowa Department of Transportation has also made plans for a new rest stop and plans to eliminate a weigh station along this route. Both of these changes require re-routing of the proposed line to coordinate with these IDOT property changes. Additional design work is also required to change several structures to meet IDOT's new permitting requirement that the line not overhang the I-35 right of way. While this overhang was approved under previously filed permits with IDOT, this

is a new FHWA prohibition that requires minor adjustments to several structures to avoid overhanging the I-35 right of way. Proposed change order No. 7 provides for the engineering of these structure changes.

Change Order 7 also provides for additional right of way services to negotiate easements for overhang along Lincoln Way (for improved roadway setback); to conclude a few protracted easement negotiations; and to document and provide testimony before the Iowa Utilities Board (IUB) for the right of way aspects of the design services. This Change Order will also provide for services to negotiate and administer crop damages through the construction phase of this project. Due to project delays associated with the earlier franchise permit denial, inflationary escalations are included in this change order to reflect current rates for engineering and construction management services.

The total cost of proposed Change Order No. 7 is \$111,300. The cumulative cost of this and all prior change orders to this Engineering Services Contract is \$607,384, and the total revised contract amount is \$1,982,884. **The additional cost of change order 7 is contained within the amount budgeted for the Capital Improvement Project titled "Mid-American-Energy Company Interconnection." The adopted budget shown for 2011/12 is \$7,750,000, of which over \$7 million remains unspent.**

ALTERNATIVES:

1. Approve Change Order No. 7 to increase the total amount of the Engineering Services Contract with DGR by \$111,300 to a revised contract amount of \$1,982,884 for additional engineering design, administration, franchise petition filing, hearing support, and right of way services for the 161-kV (Mid-American Energy Company) Interconnection project.
2. Delay the 161-kV interconnection project.

MANAGER'S RECOMMENDED ACTION:

Additional services are required from DGR for the 161-kV interconnection project to complete design work, right of way acquisition, construction management and complete a franchise petition filing. Due to project delays associated with the earlier franchise permit denial, inflationary escalations are also included in this change order to reflect current rates for engineering and contract management services already included in the contract.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving Change Order No. 7 as described above.