

COUNCIL ACTION FORM

**SUBJECT: ACCEPTANCE OF COMPLETION FOR POWER PLANT UNIT NO. 8
WATERWALL INSTALLATION PROJECT**

BACKGROUND

On February 9, 2010, the City Council approved preliminary plans and specifications for the Unit No. 8 Waterwall Installation Project. The project is addressing tube wastage in the power plant's Unit No. 8 boiler by replacing the waterwalls below the 165 feet and 150 feet elevations to the lower weld lines.

This portion of the project was for the installation of the tubing material. The tubing material was purchased separately by a different contractor at a total cost of \$1,768,967. A budget of \$4,876,106 was included in the 2011/12 Capital Improvements Plan (CIP) for material and installation, which left \$3,107,139 available for installation.

On March 10, 2010, bids were received and evaluated by Electric Services staff, who determined that the low bid submitted by AZCO Inc. was acceptable. The amount of the contract as awarded on April 27, 2010, was \$2,417,106.13.

There were a total of sixteen change orders for this contract, bringing it to a total cost of \$3,050,540.15. The change orders were as follows:

Change Order No. 1 was for an extension of the contract expiration date from September 6, 2010, to October 6, 2010. That change order allowed staff additional time to receive a determination from the Department of Natural Resources and also for AZCO to propose its increase in cost to the City associated with a future extension of the contract expiration date by 180 days. There was no cost for Change Order No. 1.

Change Order No. 2 was for an extension of the contract expiration date from October 6, 2010, to October 21, 2010. That change order allowed staff and AZCO additional time to negotiate an agreement on AZCO's proposed cost increase for the 180 day extension, and allowed for time to present it to the City Council. Again, there was no charge for Change Order No. 2.

Change Order No. 3 for \$396,200 extended the contract expiration date by 180 days from the original contract expiration date of September 6, 2010 to March 5, 2011.

Change Order No. 4 was for an extension of the contract expiration date from March 5, 2011, to March 25, 2011. This change order prevented the contract from expiring while Change Order No. 5 was prepared for City Council for consideration. There was no charge for Change Order No. 4.

Change Order No. 5 for the amount of \$82,292 was for an extension of the contract expiration date by 281 days to December 31, 2011 from the Change Order No. 4 date of March 25, 2011. Overall, the contract expiration date has been extended by 481 days from the original contract expiration date of September 6, 2010.

Change Order No. 6 for the not to exceed amount of \$45,000 was for AZCO to procure and install two additional bent tube panels.

Change Order No. 7 for the amount of \$5,650 and **Change Order No. 8** for the amount of \$2,200 was for AZCO's additional labor costs arising from additional work on the buckstay clips.

Change Order No. 11 for the amount of \$65,984.47 was for labor, material, and additional coating material to make the old boiler fit to the new panels.

Change Order No. 12 for a credit of \$13,241 was for a reduction in scope of boiler tube studding. The existing studding was found to be in good condition and it was decided to not replace the existing studs per the original contract scope.

Change Order No. 13 for the amount of \$600 was for AZCO to cut a welded plug out of the header.

Change Order No. 15 for the time & materials of \$23,628 was for AZCO to replace 12 tubes and complete 1,310 square inches of pad welding.

Change Order No. 16 for time and materials of \$30,393.55 was for AZCO to replace twenty tubes and complete 2,100 square inches of pad welding.

Council should note that **Change Order No.'s 9, 10, and 14** are not included in this listing, since they were approved administratively by staff and had no scope or cost impact to the City. The waterwall panel manufacturer (BTA) made some fabrication errors in the panels which increased the installer's (AZCO) scope of work. BTA paid AZCO directly to remedy the shop errors in the field during installation. In addition, AZCO credited the City \$5,273 for work done on the side walls and for scaffolding rental.

All of the work in the contract with AZCO, Inc, has now been completed, and the Power Plant Engineer has provided a certificate of completion. The total contract amount including the change orders is \$3,050,540.15.

ALTERNATIVES:

- 1) Accept completion of the contract for the Unit No. 8 Waterwall Installation with AZCO, Inc, at a total cost of \$3,050,540.15, and authorize final payment to the contractor.

2) Delay acceptance of this project.

MANAGER'S RECOMMENDED ACTION:

The contractor for the Unit No. 8 Waterwall Installation has completed all of the work specified 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.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving completion of the contract for the Unit No. 8 Waterwall Installation with AZCO, Inc, at a total cost of \$3,050,540.15, and authorizing final payment to the contractor.