

ITEM #: 21
DATE: 11-14-23
DEPT: ELEC

COUNCIL ACTION FORM

SUBJECT: COMBUSTION TURBINE FUEL OIL PIPE INSTALLATION - CHANGE ORDER NO. 2

BACKGROUND:

The City's Electric Utility operates two combustion turbines (CT1 & CT2). These units burn fuel oil to rotate a generator and produce electricity. They are located at the Dayton Avenue Substation in the vicinity of a former landfill. The fuel oil is stored in a tank, and piping conveys the fuel from the tank to a pump house, then from the pump house to the units. In 2010, the underground fuel line from the fuel oil pump house to CT1 failed, causing fuel oil to leak underground and eventually to the Skunk River.

On February 14, 2023, City Council awarded a contract to Modern Companies, Inc. of Cedar Rapids, IA in the amount of \$391,700 for the installation of double-walled carbon steel piping to replace the remaining original underground fuel oil piping. 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.

Modern Companies started performing work in August. A few days into the project, an oily substance started slowly seeping from the surrounding soil into a pit excavated for the project. Staff confirmed the two existing fuel oil lines were not leaking and there was no evidence of any oil substance discharging from the site. Staff has contacted the Iowa Department of Natural Resources (IDNR) to report the findings of the leak and is working with IDNR to ensure proper actions are taken to remediate the site and dispose of the material.

A pin hole leak was found in the fuel oil supply pipe going to CT2. The pipe has been isolated and will be replaced. Change Order No. 1 was completed on November 2, 2023 in the amount of \$46,056.43, for additional work due to handling the contaminated soil and ground water and finding the source of the fuel oil. Modern has removed a portion of the contaminated soil as a result of the leak. Staff has contacted the Iowa Department of Natural Resources (IDNR) to report the findings of the leak and is working with IDNR to ensure proper actions are taken to remediate the site and dispose of the material.

THIS ACTION:

Change Order No. 2, a not-to-exceed amount of \$35,000, is being requested to continue excavating and removing oil-contaminated soil. There is more contaminated soil than what was originally estimated and the amount of buried piping and conduit in the area is causing the excavation to progress at a slower rate. The not-to-exceed amount of \$35,000 will allow for an additional two weeks of removing the contaminated soil and ground water to complete the site cleanup. Funding for this project is available in the FY 2023/24 Power Plant Operations and Maintenance Budget, Building Maintenance budget.

ALTERNATIVES:

1. Approve Change Order No. 2 in the amount of \$35,000 to Modern Piping, Inc. of Cedar Rapids, IA, to complete the site cleanup, bringing the total contract total to \$472,756.43.

2. Do not approve the requested change order.

CITY MANAGER'S RECOMMENDED ACTION:

The contaminated material found while performing the pipe replacement project must be immediately removed and the site properly remediated to ensure no harm to surrounding area and continued compliance with state and federal requirements. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as described above.