

ITEM # 16  
DATE December 16, 2008

**COUNCIL ACTION FORM**

**SUBJECT: APPROVAL OF CHANGE ORDERS 1 THROUGH 4, COMBUSTION TURBINE GT 1 CONTROL SYSTEM UPGRADE PROJECT**

**BACKGROUND:**

On August 8, 2006, City Council awarded a contract to HPI, LLC of Houston, Texas, in the amount of \$160,409.86 to upgrade the control system for the combustion turbine GT1 installed in 1972. The new system will improve reliability, increase availability, and provide self-diagnosis capabilities. The approved FY 2005/2006 CIP included \$378,000 for the project.

Original project budget:	\$378,000
Less project contracts paid and/or committed to date:	<u>(349,028)</u>
Available balance	\$ 28,972

The project was delayed in FY 2006/2007 as Electric Services focused on other, more critical matters, including the Unit #7 overhaul project. Work was resumed in 2008. Three change orders have been approved to this contract:

- Change Order No. 1, November 6, 2006, provided clarifications and minor technical modifications at no cost.
- Change Order No. 2, December 6, 2006, modified the schedule to accommodate scheduled delivery of related equipment furnished under another contract, also at no cost.
- Change Order No. 3, November 21, 2008, provided for integration of the new motor control center within the gas turbine control system, which was not originally included in the specifications, and for the supply of additional 24 volt DC input capacity to meet current operational requirements at a cost of \$15,350.00.

Change Order Nos. 1 through 3 were approved by Donald Kom, Director, Electric Services, in accordance with the purchasing policies.

Proposed Change Order No. 4 to the contract with HPI, LLC, would add \$21,705.00. This would compensate the contractor for extra work and increased cost of materials caused by the delay and re-start of the project. In accordance with the purchasing policies, this change order requires City Council approval because the total amount of Change Order Nos. 1 through 4 would exceed 20% of the original contract amount. The available project balance *after* this change order would be \$7,267.

**ALTERNATIVES:**

1. Approve Change Order No. 4 adding \$21,705.00 and Change Order Nos. 1 through 3 to the contract with HPI, LLC, for the Combustion Turbine GT1 Control System Upgrade project, for a total contract price of \$197,464.86.
2. Do not approve Change Order No. 4 and continue to delay completion of the project.

**MANAGER'S RECOMMENDED ACTION:**

Change Order No. 4 would compensate the contractor, HPI, LLC, for extra work and increased cost of materials caused by the delay and re-start of the project.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving Change Order Nos. 1 through 4 to the contract with HPI, LLC, for the Combustion Turbine GT1 Control System Upgrade project, adding a total of \$37,055.00, for a total contract price of \$197,464.86.