

COUNCIL ACTION FORM

SUBJECT: POWER PLANT UNIT 8 GENERATOR REPAIRS/RE-WEDGING STATOR

BACKGROUND:

On September 10, 2013, City Council awarded a contract for the Unit 8 Generator Repairs/Re-wedging Stator project in the amount of \$225,400. The complete project is to re-wedge the stator and replace connection ring ties in the Unit 8 turbine generator.

This portion of the project is for the procurement of professional technical service for this project. This professional technical service will be utilized during major turbine generator work to provide instructions and advice on disassembly and reassembly, parts replacement and repair procedures. **With this significant repair, staff believes it will be very beneficial to procure the professional technical assistance from General Electric International, Inc. (GE), which is the Unit 8 Turbine manufacturer.**

Because the existing equipment was made by GE, having a representative from this company on-site will ensure that all work will meet the original equipment manufacturers' specifications. Therefore, any issues related to this project can be resolved quickly with the GE engineer.

For these reasons, staff is requesting that the City Council waive the City's purchasing policies requiring a request for proposals and award a contract to General Electric International, Inc., Omaha, NE for time and materials not to exceed \$73,920 for providing technical direction for the Unit 8 Generator Repairs/Re-wedging Stator.

The approved FY 2012/13 Budget and Capital Improvements Plan included \$3,500,000 for the turbine generator overhaul, including parts, professional technical assistance, and contractor services. Funds in the amount of \$627,000 remain from that budget, which will be carried over to cover the costs associated with this project.

To date, the project budget has the following items encumbered:

1.	\$225,400*	Actual cost of Unit 8 Generator Repairs / Re-wedging Stator * plus applicable Iowa sales tax
2.	<u>\$73,920</u>	A cost-not-to-exceed for GE representative to provide technical direction for this stator re-wedge. (this item)
Total \$299,320		

Work on this project will occur during the 2013 fall outage which is scheduled to begin on October 26, 2013. Since this a cost-not-to-exceed contract, there is a possibility that not all the funds allocated for this service will be required.

ALTERNATIVES:

1. Waive the purchasing policy requirement for request for proposals and award a contract for time and materials in a not-to-exceed amount of \$73,920 to General Electric International, Inc., Omaha, NE for technical direction for the Unit 8 Generator repairs / Re-wedging Stator.
2. Do not waive the purchasing policy requirement and direct staff to issue a request for proposals for this service without the OEM knowledge base.

MANAGER'S RECOMMENDED ACTION:

This stator re-wedge work is critical because, if not completed, the risk of catastrophic failure will increase significantly for the Unit 8 generator. Securing the services of General Electric will help ensure that problems are resolved and repairs are completed in the best possible manner for the benefit of the City's Unit 8.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.