

**COUNCIL ACTION FORM**

**SUBJECT: POWER PLANT UNIT 8 STEAM TURBINE PARTS**

**BACKGROUND**

On August 14, 2012, City Council approved preliminary plans and specifications for Power Plant Unit 8 Steam Turbine Parts. This contract was for the purchase and delivery of miscellaneous turbine parts required to replenish used inventory items and items utilized during the recent Steam Turbine No. 8 Overhaul.

The contract for these parts was awarded to ARGO Turboserve Corporation on October 9, 2012 in the amount of \$526,086.90 (inclusive of sales-tax) plus freight.

There were five change orders to this contract.

Change Order No. 1 for \$19,260.00  
Change Order No. 2 for \$ 2,086.50  
Change Order No. 3 for \$27,207.96  
Change Order No. 4 for \$ 2,009.46  
Change Order No. 5 for (-\$27,850.12)

Change Order No's 1 thru 4 were for the purchase of additional parts needed to complete the overhaul project. Change Order No. 5 is a deduction for parts cancelled by the City and for other parts that did not fit properly and were returned for credit.

**The total contract amount including these five change orders is \$548,800.70.**

**The engineer's estimate for anticipated parts was \$533,000** based on preliminary quotes received from General Electric, the turbine supplier. The approved FY 2012/13 Budget included \$2,000,000 for parts in the Unit #8 Blading and Diaphragm/Parts project associated with the Unit #8 Turbine Generator Overhaul.

All of the parts purchased through the contract with ARGO have now been delivered, and the Power Plant Engineer has provided a certificate of completion.

**ALTERNATIVES:**

- 1) Accept completion of the contract for the Unit 8 Steam Turbine Parts with ARGO Turboserve Corporation at a total cost of \$548,800.70 (inclusive of sales-tax and freight), and authorize final payment to the contractor.
- 2) Delay acceptance of this project.

**MANAGER'S RECOMMENDED ACTION:**

The contractor for the Unit 8 Steam Turbine Parts has supplied all of the parts specified under the contract. The City is now obligated to make final payment to the contractor.

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