

**COUNCIL ACTION FORM**

**SUBJECT: COMPLETION OF POWER PLANT FUEL CONVERSION – BID NO. 2 –  
TURBINE STEAM SEAL SYSTEM**

**BACKGROUND**

In November 2013 the City Council voted to convert the City's Power Plant from coal to natural gas. Implementing this decision required a significant amount of engineering, installation of equipment, and modification and construction in the Power Plant.

Presently the City has two open contracts with General Electric (GE) in regards to this project. It was necessary to enter into two contracts because the City is working with two separate divisions within GE and using two distinct skill sets. One contract provides for a replacement of the Turbine Control system, and the second provides for a Turbine Steam Seal system. On April 14, 2015, City Council awarded a contract to General Electric International, Inc., Omaha, NE, for the Bid No. 2 Turbine Steam Seal System for Unit 8 in the amount of \$186,320.

There were four change orders to this contract.

**Change Order No. 1** for \$24,536 was for General Electric International, Inc. to procure a steam seal relief valve.

**Change Order No. 2** for not-to-exceed \$150,000 was for General Electric International, Inc. to supply support for the mechanical area of the Turbine Control System in order to gain the correct skill set from GE.

**Change Order No. 3** for \$0 was for clarifying that the equipment purchased under this contract is considered personal tangible property.

**Change Order No. 4** for \$9,208.42 was for mechanical field technical assistance for the turbine-generator modifications and associated work necessary to install new Mark VIe controls on Units 7 & 8.

**The total contract amount including these four change orders is \$370,064.42. The Engineer's estimate of costs for this equipment and associated installation was \$1,064,728.** The approved FY 2015/16 Capital Improvements Plan included \$26,000,000 for the fuel conversion project, which was subsequently adjusted to \$18,112,011. The complete project budget to date is shown on page 4.

All of the contract requirements have been met by General Electric International, Inc. and the Engineer has provided a certificate of completion.

**ALTERNATIVES:**

- 1) Accept completion of the contract with General Electric International, Inc., Omaha, NE, for the Bid No. 2 Turbine Steam Seal System at a total cost of \$370,064.42.
- 2) Delay acceptance of this contract.

**MANAGER'S RECOMMENDED ACTION:**

The contractor for the Bid No. 1 Turbine Steam Seal System has supplied all of the equipment specified, thus fulfilling the terms of the contract.

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

**PROJECT BUDGET**

The overall project budget and commitments to date are summarized below. To date, the project budget has the following items encumbered:

\$17,475,000	FY 2015/16 CIP amount budgeted for project \$26,000,000 less reduced bonds issuance by \$8,525,000 based on a new project estimate
\$637,011	Unspent Funds from the Power Plant Cooling Tower CIP
<b>\$18,112,011</b>	
	<u>Sargent &amp; Lundy, LLC</u>
\$1,995,000	Encumbered not-to-exceed amount for Engineering Services
\$2,395,000	Engineering Services Contract Change Order No. 1
\$174,000	Engineering Services Contract Change Order No. 2
\$154,000	Engineering Services Contract Change Order No. 3
	<u>GE Power Inc.</u>
\$3,355,300	Contract cost for Natural Gas Conversion Equipment
\$29,869	Equipment Contract Change Order No. 1
(-\$321,600)	Equipment Contract Change Order No. 2
(-\$51,000)	Equipment Contract Change Order No. 3
\$1,620	Equipment Contract Change Order No. 4
\$0	Equipment Contract Change Order No. 5
\$32,679	Equipment Contract Change Order No. 6
\$62,310	Equipment Contract Change Order No. 7
	<u>Emerson Process Management Power &amp; Water Solutions, Inc.</u>
\$1,595,000	Contract cost for DCS equipment
\$39,377	DCS Contract Change Order No. 1
\$12,611	DCS Contract Change Order No. 2
\$0	DCS Contract Change Order No. 3
	<u>GE Energy Control Solutions, Inc.</u>
\$814,920	Contract cost for TCS equipment Bid 1
\$244,731	TCS Bid 1 Contract Change Order No. 1
\$34,000	TCS Bid 1 Contract Change Order No. 2
\$0	TCS Bid 1 Contract Change Order No. 3
\$16,854	TCS Bid 1 Contract Change Order No. 4
\$41,760	TCS Bid 1 Contract Change Order No. 5
	<u>General Electric International, Inc.</u>
<b>\$186,320</b>	<b>Contract Cost for Turbine Steam Seal System - TCS Bid 2</b>

<b>\$24,536</b>	<b>TCS Bid 2 Contract Change Order No. 1</b>
<b>\$150,000</b>	<b>TCS Bid 2 Contract Change Order No. 2</b>
<b>\$0</b>	<b>TCS Bid 2 Contract Change Order No. 3</b>
<b>\$9,208.42</b>	<b>TCS Bid 2 Contract Change Order No. 4</b>

Henkel Construction Co.

\$898,800	Contract cost for Control Room Installation General Work Contract
\$66,782	Control Room Contract Change Order No. 1
\$17,683.54	Control Room Contract Change Order No. 2

TEI Construction Services, Inc.

\$1,572,019	Contract cost for Mechanical Installation General Work Contract
\$8,750	Mechanical Contract Change Order No. 1
\$156,131	Mechanical Contract Change Order No. 2
\$187,984	Mechanical Contract Change Order No. 3
\$9,785.37	Mechanical Contract Change Order No. 4
\$3,032.17	Mechanical Contract Change Order No. 5
\$7,725.98	Mechanical Contract Change Order No. 6
\$3,032.16	Mechanical Contract Change Order No. 7
\$21,673.58	Mechanical Contract Change Order No. 8
\$175,496.89	Mechanical Contract Change Order No. 9
\$48,486.22	Mechanical Contract Change Order No. 10
\$12,539.88	Mechanical Contract Change Order No. 11

FPD Power Development, LLC

\$3,145,149	Contract cost for Electrical Installation General Work Contract
\$12,044.24	Electrical Contract Change Order No. 1
\$41,265.65	Electrical Contract Change Order No. 2
\$123,893.90	Electrical Contract Change Order No. 3

Graybar Electric

\$98,560	Contract cost for UPS System
(-\$1,010)	UPS System Contract Change Order No. 1

Hertz Equipment Rental Corporation

<u>\$166,835.50</u>	Contract cost for Portable Electric Space Heaters
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**\$17,773,155.14**

**Costs committed to date for conversion**

**\$338,855.86**

**Remaining Project Balance** to cover miscellaneous equipment and modifications to the power plant needed for the fuel conversion