

**COUNCIL ACTION FORM**

**SUBJECT: PROJECT TO RETURN GAS TURBINE 1 TO SERVICE: BID NO. 1  
GENERATOR - CONTRACT COMPLETION**

**BACKGROUND:**

On August 25, 2015, City Council awards two contracts for GT1 Return to Service Project, one to Wood Group Pratt & Whitney (WGPW) and one to MMC Contractors National, Inc. **The City Council should note that the work to return GT1 to service is divided into three work categories – Engine, Inlet, Exhaust. This approach allows the City flexibility on how to evaluate and award a contract for these categories.**

**WGPW Contract - Engine**

This contract includes the repair of the original engine or replacement with a refurbished engine, the repair or replacement of the engine's support equipment, the restoration of the engine's control system, and the installation of the engine along with the necessary connections for it to be ready to operate. All of this work was required following the failure of the engine in 2015.

On August 25, 2015, City Council awarded a contract to Wood Group Pratt & Whitney (WGPW), Bloomfield, CT, for Bid No.1 Gas Generator in the amount of \$949,950 plus applicable sales taxes to be paid directly by the City of Ames to the State of Iowa.

There were two change orders to this contract.

**Change Order No. 1** for \$30,800 was for the replacement of the two wiring harnesses needed for this project.

**Change Order No. 2** for \$11,700 was to cover the 1) costs associated with WGPW working on-site an additional 20 man days and 2) costs to cover return shipping costs for the repaired engine which was not included in the original contract.

**The contract amount including these two change orders is \$992,450. The Engineer's estimate for this scope is \$1,200,000 and was to be covered by insurance proceeds, less a \$350,000 deductible.**

All of the requirements of the contract have been met by Wood Group Pratt & Whitney and the Engineer has provided a certificate of completion.

## **MMC Contract- Inlet Air System and Exhaust**

This contract includes the repair or replacement of the inlet sound attenuation enclosure, plus replacement of the evaporative cooler. The evaporative cooler is a system that cools the air entering the engine, making the air denser. The greater the density of the air, the greater the amount of air the engine can compress and convert into thrust, which results in greater engine output. It also includes the repair and/or replacement of the engine's exhaust plenum and silencer.

The vast majority of the work listed above was not covered by insurance. **The Engineer's estimate for this scope is \$880,000.** This work, while not directly related to the failure, has been planned in the CIP since 2011, and would have been needed even had the unit not failed.

**All of the requirements of this contract have not been met by MMC Contractors National, Inc. and, therefore, are not certifying completion of this portion of the project at this time.**

### **Funding For the Project**

The FY 2014/15 Capital Improvements Plan includes \$1,500,000 for the GT1 Engine Replacement and Generator/Turbine Inspection and Overhaul and \$300,000 for the GT1 Evaporator Cooler. Costs associated with the failure of the engine, less a \$350,000 deductible are covered by insurance, which paid the City \$1,093,350. **Therefore, the budget, including CIP and insurance payment is \$2,893,350. The expenses total \$2,921,992, leaving a difference of \$28,642.**

**At the time the contracts were awarded it was noted that any shortfall will be covered by savings in the Cooling Tower Repairs project that was included in the FY 2015/16 CIP. The bid came in for this project approximately \$1,000,000 less than budgeted.**

To date the budget for this CIP project has the following items encumbered:

\$1,500,000	FY 2014/15 CIP GT1 Inspection & Overhaul
\$ 300,000	FY 2014/15 Evaporator Cooler
<u>\$1,093,350</u>	Insurance Payment (estimated)
<b>\$2,893,350</b>	<b>Total Revenue Available For the Project</b>
\$153,310	Paid to WGPW for inspection of GT1 and removal and disassembly of the engine
\$216,000	Encumbered not-to-exceed amount for Engineering Services
<b>\$949,950*</b>	<b>Cost for WGPW Contract - Engine</b>
	<b>* Amount does not include applicable Iowa sales tax. City of Ames will pay applicable sales tax directly to the State of Iowa.</b>
<b>\$30,800</b>	<b>WGPW Change Order #1</b>
<b>\$11,700</b>	<b>WGPW Change Order #2</b>
\$1,528,490	Cost for MMC Contract – Inlet Air System & Exhaust
\$4,027	MMC Change Order #1 Exhaust
\$11,239	MMC Change Order #2 Exhaust
\$3,654	MMC Change Order #3 Exhaust
\$4,799	MMC Change Order #1 Inlet
\$602	MMC Change Order #2 Inlet
<u>\$7,421</u>	MMC Change Order #3 Inlet
<b>\$2,921,992</b>	<b>Total Estimated Cost For The Project</b>

**ALTERNATIVES:**

- 1) Accept completion of the contract with Wood Group Pratt & Whitney, Bloomfield, CT, for Bid No.1 Gas Generator in the amount of \$992,450, and authorize final payment to the contractor.
- 2) Delay acceptance of this contract.

**MANAGER’S RECOMMENDED ACTION:**

The contractor for the Bid No. 1 Gas Generator category of the GT1 Return to Service Project has completed all of the work specified under the contract. The Engineer has issued a certificate of completion on the work, and the City is legally required to make final payment to the contractors.

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