

COUNCIL ACTION FORM

SUBJECT: STEAM TURBINE NO. 8 PARTS PROCUREMENT - CONTRACT COMPLETION FOR ARGO TURBOSERVE CORPORATION

BACKGROUND

On July 14, 2020, Council awarded a contract to Argo Turboserve Corporation for parts required for the Power Plant’s Unit #8 Turbine-Generator Overhaul project. **The contract provides parts to replace worn parts and replenish inventory during the inspection and overhaul of the turbine and generator.**

Argo Turboserve Corporation was awarded a contract in the amount of \$1,065,217. Applicable sales taxes will be paid directly to the State of Iowa by the City as the vendor is not licensed to collect and remit Iowa Sales Taxes. There was one change order to the Argo Turboserve Corporation contract.

Change Order #1: On August 5, 2020, a change order was approved to increase the purchase order by \$11,892 (exclusive of Iowa sales tax) for additional materials needed for the repairs to the steam turbine.

The final expenditures to Argo Turboserve Corporation, Rutherford, New Jersey total \$1,077,109 (exclusive of sales tax). All the requirements of the contract have been met by Argo Turboserve Corporation and the Engineer has provided a certificate of completion.

Argo	Parts	\$ 1,077,109.00
Argo	City to pay sales tax	74,711.63
MD&A	Parts (sales tax included)	190,071.71
Power Plant Services	Parts (sales tax included)	147,224.65
Burns & McDonnell	Engineering	39,176.89
General Electric	Technical Support	353,320.00
BladeRunner	Prime Contractor	1,640,848.06
BladeRunner	City to pay sales tax	114,859.36
	Total	\$ 3,637,321.30

Funding for the Unit 8 Turbine-Generator Overhaul Project was originally budgeted in the 2019/20 CIP in the amount of \$3,000,000. Funds to finance expenses exceeding that amount will be taken from savings related to Unit 7 Boiler Repair Project CIP, the Unit 7

Turbine-Generator Overhaul CIP, and the Unit 8 Turbine & Generator Maintenance account.

In total, funds are available for this project as follows:

2019/20 Unit #8 Turbine Generator Overhaul CIP

Budgeted in CIP:

Materials/Parts	\$1,000,000.00
Construction	1,650,000.00
GE Tech Support	350,000.00
<u>Unit 8 T/G Overhaul CIP Total</u>	<u>\$3,000,000.00</u>

Savings from other CIPS & budget:

Unit 7 Boiler Tube CIP	311,623.00
Unit 7 Overhaul CIP	288,924.12
Unit 8 Turbine & Generator Maint.	55,000.00
TOTAL	\$3,655,547.12

ALTERNATIVES:

1. Accept completion of the Steam Turbine No. 8 Parts Procurement project by Argo Turboserve Corporation, Rutherford, New Jersey in the amount of \$1,077,109 (exclusive of sales tax).
2. Delay acceptance of this project.

CITY MANAGER'S RECOMMENDED ACTION:

The project has now been completed in accordance with the approved plans and specifications.

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