



City of Grand Island

Tuesday, October 10, 2017

Council Session

Item G-22

#2017-286 - Approving Emergency Declaration for PGS Turbine Repairs

Staff Contact: Tim Luchsinger, Stacy Nonhof

Council Agenda Memo

From: Timothy G. Luchsinger, Utilities Director
Stacy Nonhof, Assistant City Attorney

Meeting: October 10, 2017

Subject: Emergency Declaration for Platte Generating Station
Turbine Repairs

Presenter(s): Timothy G. Luchsinger, Utilities Director

Background

A major inspection and overhaul of the turbine generator at Platte Generating Station is performed every five years. During this inspection, the turbine generator is completely disassembled and all components are cleaned, inspected, repaired, or replaced as necessary.

On May 23, 2017 Council approved the contract for the Turbine Generator overhaul to Reliable Turbine Services for \$892,891.00 which included time and material rates for additional work.

The turbine generator is currently disassembled and contractors have identified several components in need of repair which could not have been identified until the unit was disassembled. The cost of the additional repairs is estimated at \$1,000,000.00, and would extend the current outage an additional two weeks.

City Procurement Code requires that purchases over \$40,000.00 for the electric utility be formally advertised for bid, and a contract be approved by Council. The Procurement Code also allows Council to issue a declaration of emergency and authorize emergency procurement based on the most competitive method that the situation allows.

Discussion

Under normal procurement procedures, the soonest that a bid award could be completed is at the November 14, 2017 meeting, with a repair completion date sometime in December, resulting in the unavailability of generation capacity at Platte Generating Station during the peak demand season. Power to meet this demand would need to be purchased from the market or through the use of gas-fired generation at Burdick Station. It would also eliminate the potential for surplus power sales from Platte

Generating Station to the market. These costs would impact customers financially through an increase of the Power Cost Adjustment.

The engineering staff at Platte Generating Station, along with their third-party technical field advisor, has evaluated the recommended repairs and determined which repairs are needed at this time to continue the safe and reliable operation of the turbine generator. It is recommendation by the Department that a declaration of emergency procurement be authorized, and Reliable Turbine Services proceed with the repairs through a contract change order. Repair costs would be based on the rates provided in the contract and monitored by plant management staff. It is projected that the repairs could be completed and the plant operational by November 6, 2017.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council authorize the declaration of emergency procurement for Emergency Repairs to the Platte Generating Station Turbine.

Sample Motion

Move to approve authorize the declaration of emergency procurement for Emergency Repairs to the Platte Generating Station Turbine.

RESOLUTION 2017-286

WHEREAS, a major inspection and overhaul of the turbine generator at Platte Generating Station is performed every five years and during this inspection the generator is completely disassembled and all components are cleaned, inspected, repaired, or replaced as necessary; and

WHEREAS, at the May 23, 2017 meeting, Council approved the contract for the Turbine Generator overhaul to Reliable Turbine Services for the fall outage in the amount of \$892,891.00; and

WHEREAS, during this inspection, it was discovered that several components need repair which could not have been identified until the unit was disassembled and the cost of the additional repairs is estimated at \$1,000,000.00 and would extend the current outage an additional two weeks; and

WHEREAS, the City's Procurement Code allows Council to issue a declaration of emergency and authorize emergency procurement based on the most competitive method that the situation allows.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that a declaration of emergency procurement for Emergency Repairs to the Platte Generating Station Turbine is hereby approved.

- - -

Adopted by the City Council of the City of Grand Island, Nebraska, October 10, 2017.

Jeremy L. Jensen, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
December 14, 2017	☐ City Attorney