



City of Grand Island

Tuesday, December 17, 2002

Council Session

Item G18

#2002-386 - Approving Change Order #1 for Turbine Generator Overhaul with Power Generation Services

Background:

Major inspection and overhaul outages are planned at Platte Generating Station (PGS) on a five-year rotation. In between these outages, the plant sees nearly continuous operation. Short outages are scheduled when needed to fix what breaks. But because PGS is by far our lowest cost source of electric power, every effort is made to keep that plant on-line. A five year overhaul was done this fall.

During this major plant outage, the turbine and generator are completely disassembled, inspected, repaired, and parts replaced as necessary. Specifications were prepared and bids were received for this work.

Power Generation Services, Inc., of Mandan, North Dakota was awarded the contract for this project on July 23, 2002 in the amount of \$478,000.00. Included in the bid was technical support and 300 hours of diaphragm (the diaphragm is a stationary piece between turbine rotating stages that redirects steam flow to the next stage) and turbine blade repair with a unit price per hour for additions or reductions.

Discussion:

During the course of the work adjustments to the contract price were made as the project progressed.

1.The generator collector rings were found to need machining to true up the collector surfaces. Price quotes were solicited from four firms specializing in this type of work. The low bid was from Power Generation Services for \$15,297.50. The next low bid was \$32,500. The work was awarded to Power Generation.

2.The contractor agreed to credit the contract for labor services provided by Utility Department personnel, at the contractor's stated labor rate. A number of plant maintenance mechanics participated in the overhaul project resulting in a contract amount deduct of \$38,420.93.

3.After five years of operation it is expected that the turbine wheels, diaphragms, and valves would have minor dings, cracks, pits and bends that are normally repaired in the field during major overhauls. Three hundred hours of contract labor were included in the original specifications for this anticipated work. Only 245 hours were used, resulting in a deduct to the contract amount of \$2,531.63.

4. During the course of this contract, State sales tax law changed so that contract labor is now taxable, resulting in an addition to the contract amount of \$26,290.00.

The net change order amount is \$634.94.

Recommendation:

It is the recommendation of the Utilities Department that Change Order #1 be approved for a net amount of \$634.94.

Fiscal Effects:

Additional expenditure of \$634.94 from Enterprise Fund 520. There are sufficient funds available.

Alternatives:

None recommended. See attached RESOLUTION.

Staff Contact: Gary Mader; Dale Shotkoski



TO: Power Generation Service, Inc.
 ATTN: Mr. Allan Sveund
 2719 37th Street. NW
 Mandan, ND 58554

CHANGE ORDER # 1

Project: TURBINE GENERATOR OVERHAUL CONTRACT CHANGE ORDER - PLATTE GENERATING STATION

You are hereby directed to make the following change in your contract:

- | | |
|---|----------------------|
| 1. Additional charges for machining generator collector rings. | <u>\$15,297.50</u> |
| 2. Addition of Nebraska sales taxes. | <u>\$26,290.00</u> |
| 3. Credit for work performed by Platte Generating Station staff in leu of contract or millrights. | <u>\$(38,420.93)</u> |
| 4. Credit for extra work not required. Specifically 55 hours of labor. | <u>\$(2,531.63)</u> |

ADD: \$ 41,587.50 and DELETE: \$ (40,952.56)

The original Contract Sum	\$ <u>478,000.00</u>
Previous Change Order Amounts	\$ <u>.00</u>
The Contract Sum is increased by this Change Order	\$ <u>41,587.50</u>
The Contract Sum is decreased by this Change Order	\$ <u>(40,952.56)</u>
The total modified Contract Sum to date	\$ <u>478,634.94</u>

Approval and acceptance of this Change Order acknowledges understanding and agreement that the cost and time adjustments included represent the complete values arising out of and/or incidental to the work described therein.

APPROVED: **CITY OF GRAND ISLAND**

By: _____ Date _____

Attest: _____

 Approved as to Form, City Attorney

ACCEPTED: **POWER GENERATION SERVICES, INC.**

By: _____ Date _____

RESOLUTION 2002-386

WHEREAS, on July 23, 2002, by Resolution 2002-221, the City Council for the City of Grand Island awarded the bid for turbine generator overhaul to Power Generation Service, Inc. of Mandan, North Dakota ; and

WHEREAS, it has been determined that modifications to the work to be performed by Power Generation Service, Inc. are necessary; and

WHEREAS, such modifications have been incorporated into Change Order No. 1; and

WHEREAS, the result of such modifications will increase the contract amount by \$634.94.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the Mayor be, and hereby is, authorized and directed to execute Change Order No. 1, between the City of Grand Island and Power Generation Service, Inc. of Mandan, North Dakota to provide the following modifications:

	<u>Amount</u>
Additional charges for machining generator collector rings	\$ 15,297.50
Addition of Nebraska sales taxes.....	26,290.00
Credit for work performed by Platte Generating Station staff in lieu of contract or millrights.....	(38,420.93)
Credit for extra work not required – specifically 55 hours of labor	(2,531.63)

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Adopted by the City Council of the City of Grand Island, Nebraska on December 17, 2002

RaNae Edwards, City Clerk

Approved as to Form	?
December 12, 2002	? City Attorney